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DEMOCRACY AFTER THE WAR

BY THE SAME AUTHOR

TOWARDS INTERNATIONAL GOVERNMENT
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GOLD WAGES AND PRICES
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THE INDUSTRIAL SYSTEM AN ENQUIRY INTO
EARNED AND UNEARNED INCOME
THE EVOLUTION OF MODERN CAPITALISM
IMPERIALISM
JOHN RUSKIN: SOCIAL REFORMER
THE PROBLEM OF THE UNEMPLOYED
PROBLEMS OF POVERTY

DEMOCRACY AFTER THE WAR

BY

J. A. HOBSON



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PREFATORY NOTE

THIS examination of the relation of war to democracy, and of the dangers with which democracy in every country is confronted by the powerful array of reactionary forces in control of the political and economic government, was first made while the Great War was still in process. I have carefully retested the analysis in the light of such a peace as we have got, and have made such corrections and restatements as seemed necessary. Fresh evidence has been added at several critical points, and in the later chapters some new light upon the fight for democracy has been drawn from the revelations of the Peace Terms and the Covenant of the League of Nations.

HAMPSTEAD, *June* 1919

PREFACE

THE cause of democracy has suffered almost as much from its friends as from its enemies. For while the latter have held it to be either undesirable or unattainable, the former have represented it either as achieved already or as inevitable. Now, neither of these former representations is true. Effective democracy nowhere exists either in the politics or industry of any nation. The forms of political self-government, indeed, exist in Britain, France, America and elsewhere with varying measures of completeness. But nowhere does the will of the people play freely through these forms. In every country the will of certain powerful men or interests is pumped down from above into the party machinery that it may come up with the formal register of an electorate denied the knowledge and opportunity to create and exercise a will that is informed and free. Popular opinion and aspirations act at best as exceedingly imperfect checks on these abuses of political self-government. So evident has been the failure of all democratic forms hitherto devised that hostile critics have pronounced democracy incapable of realization. "The people is that part of a State which does not know what it really wants" is the pronouncement of a famous political philosopher in Germany, and it expresses the judgment of many in this country. It contains a powerful element of truth. Democracy,

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alike in politics and industry, has here, as elsewhere, been impossible because the people have not got a clear understanding of what they want. It has, indeed, been a chief business of their enemies to prevent them from gathering this fruit from the tree of knowledge.

And the lazy assumption of many so-called democrats that democracy needs no striving for, because it is inevitable, has played into the hands of despotism and oligarchy. They have been content to float along a rising tide. With Macbeth they have proclaimed, "If Chance will have me king, why, Chance may crown me." But there is no such tide of chance or destiny working without the conscious will and effort of men. Nor does it suffice to substitute for destiny a general enthusiasm of popular emotions or revolutionary aspirations. Such energy is impotent without rational direction. Real democracy cannot be achieved unless a sufficient amount of intelligent co-operation based upon clear purpose is available.

Now, the first requisite to this clearing of purpose and this intelligent co-operation is a survey of the ground and forces of the enemy. For the people can only gain mastery by defeating and rejecting those who hold it now. The war has here done good service by lighting up the country and bringing out in clear relief the full alliance of reactionary forces with which democracy is called upon to deal. Militarism stands out so conspicuously in this alliance that it seems best to take it for a starting-point in our survey and then to consider the political, economic and social supports which gather round it.

Examining the bonds of sympathy and interest which unite the reactionary forces, we find them centred in the arbitrary "will to power."

Although the "will to power" has other independent sources, its chief instrument and embodiment in modern society are the capitalist structure of industry and the abuses of property that spring therefrom. I am compelled to accept as substantially correct the general socialist analysis, presenting, as the main cause of what is wrong in politics and industry, the direction of human industry by capitalists in the pursuit of private profit. But equally I am convinced that the socialist analysis is damaged for rational persuasion by an excessive simplification of the problem and in particular by ignoring or disparaging the importance of non-economic factors. I have, therefore, endeavoured by investigation of various phases of the reactionary movement to discover and exhibit the nature of the unconscious interplay between the different sorts of reactionary agents in the fields of politics, industry, education and social life. The general result is to show that, if democracy is to recover its losses and to advance after the war, it must confront, not only with enthusiasm but with considered policy, the formidable array of reactionaries, realizing that the causes of peace, democracy and internationalism are one and indivisible, and that with the triumph of this confederacy the cause of personal liberty, political and industrial as well as spiritual, is indissolubly bound.

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PART I
THE ENEMIES OF DEMOCRACY

CHAPTER I

MILITARISM AND THE WILL TO POWER

THE antagonism between war and the exercise of those personal and political liberties comprised in democracy is indisputable. For though it may be true that in "a war for freedom" the fighting spirit of the nation may better be sustained by appeals to the voluntary efforts and sacrifices of its members, history has always shown that this faith cannot live in the atmosphere of war. The temper of war is arbitrary and absolute in its demands not only upon its fighting units but upon the civil populations, which it regards as mere instruments of military power. Modern warfare, in which nations contend with all their resources, industrial and financial as well as military, has gone far towards erasing the differences once recognized between combatants and non-combatants. The *levée en masse*, or commandeering of the entire adult population, is the formal register of the reaction of war on liberty. In war, not only does the State become absolute in its relations towards the individual, but militarism becomes absolute within the State. This truth was attested in Great Britain by the virtually unlimited powers over the citizen vested by the Defence of the Realm Act in "the competent military authority," and by the novel powers exercised by

Orders in Council for the application of that and other emergency Acts.

A brief recital of the various invasions upon ordinary liberties during the war will suffice. This legislation, supplemented by arbitrary police administration and mob violence, made heavy inroads upon our ordinary liberties of speech, meeting and Press, of travel, trade, occupation and investment. The State restricted and regulated our use of food and drink, let down our services of public health and education, remitted the wholesome safeguards of our Factory Acts, and removed the constitutional guarantees of civil liberty. Military and civil authorities could, and did, arrest, deport and imprison men and women without formulating charges or bringing them to trial. The security of Habeas Corpus and of trial by jury in an open court, in accordance with the rules of law, was abrogated for whole classes of alleged offenders, and in many instances the onus of proving innocence was thrown on the arrested person. Domiciliary visits of the police, the opening of private correspondence, and the use of *agents provocateurs* passed from Russia into Britain. The principle and practice of voluntary military service, hitherto distinguishing our free army from the forced armies of the Continent, was abolished and the press-gang system fastened on all male citizens of military age. The powers of industrial compulsion contained within the Munitions and Military Service Acts were used to an increasing extent as the war went on as instruments of industrial conscription. These and other invasions of personal liberty were made under Acts of Parliament or powers of the Executive, novel, ill-defined and arbitrary, and under methods of procedure

contravening the established practices of the English law and constitution. Under an agreed suspension of that party system by which consideration and discussion of important new proposals were secured in Parliament, these revolutionary Acts were imposed upon the House with no opportunity of serious debate and with no adequate communication to the people's representatives of the facts and reasons necessary to enable them to form and register a considered judgment. Not only the spirit but the very forms of popular self-government suffered violation. For the House of Commons, refusing to take orders from the electorate when its legal time was up, repeatedly extended its period of office and of pay by an arbitrary exercise of its own will. Indeed, as the war proceeded, all pretence of government, either by Parliament or by the Coalition Cabinet, was dropped, and a tiny self-appointed junta, speaking through a novel instrument, a War Cabinet, usurped all real powers of Government. Finally, this autocracy secured itself by utilizing the Defence of the Realm Act and other special powers of police to stop free discussion of the merits of their acts of policy and constitutional agitations to procure their repeal.

How far these invasions of civil and political liberty were necessary or useful for the fighting of the war, and how far they were met by the willing surrender of the people, are questions to which no satisfactory answers are available. A fairly general acquiescence in these losses of liberty "for the duration of the war" may, however, be assumed. This easy acquiescence alike of the people, their parliamentary representatives and the public Press in measures of such grave import imposed upon

them by governmental authority without the opportunity of forming or expressing a reasonable judgment, is, indeed, an important factor in the inquiry which lies before us. That inquiry takes its shape in a scrutiny of the hypnotizing phrase "for the duration of the war." Many supporters of "a war for freedom" assumed that when the war was over the steel trap would automatically open, and the caged peoples emerge with all their ancient liberties intact and with new powers and aspirations towards democracy. Has this assumption been warranted by facts? Those who made it committed the grave error of detaching the war from its antecedents and its consequences. The trap which closed so tightly round the European nations in 1914, and which since has caught the one great pacific Power of the modern world, America, was not war. It was militarism. War is a great dramatic episode in the career of militarism. In a sense, no doubt, militarism leads up to, produces, and finds its meaning or full expression in war. But in another sense, equally true, war generates militarism, and finds its deeper meaning in that act. It is the reciprocal relation that exists between plant and flower. Regarded from the common æsthetic standpoint, the plant lives and grows to produce the flower. But regarded from the more disinterested standpoint of the naturalist, the flower exists to supply the seeds for the continuity of the plant life. War is the red flowering of militarism, and it leaves behind it the seeds of more militarism. This is the natural law of human history, of which the theory of "a war to end war" appears to be a wild defiance.

I do not, however, seek to press a metaphor so

far as to deny the possibility of breaking a natural chain of causation. It is the business of reason and of human will, themselves parts of nature, to break such chains. But it is right to begin our consideration of the chances of this higher intervention by a plain recognition of the difficulties, which are not merely "metaphorical," but deeply embedded in that course of human events to which a war belongs. Whether a war ended in a complete victory, followed by a "dictated" peace, or in some less complete decision followed by a negotiated peace, either method was likely to leave seeds of future strife, because the terms it embodied were not in themselves conformable to the sense of justice or the reasonable will of the parties concerned, but were a mere register of the preponderance of power when the conflict is brought to a close. Even were the terms of settlement in substance equitable, a supposition in itself unreasonable, the knowledge that they were a register of force and not of reasonable assent would leave a dangerous legacy of discontent with each disagreeable item of the generally equitable compromise. Thus, in any case the pre-supposition would hold good that war maintains and nourishes militarism. Only the effectual substitution of a mode of settling grievances conformable with reason and justice could break the vicious chain of mutual causation by which war and militarism support one another.

The consideration of the possibility of such a substitution is properly deferred until the nature of the task which it essays has been fully explored. For this purpose I have thrust into the forefront of the inquiry the first plain historic fact, that war normally leaves behind it an invigorated militarism

It is with this militarism of peace-time that the people of this country, as of every other, has to reckon now the "Great War" is over. In every nation a militarist bureaucracy stands in actual possession of the seats of government. The full constitutional rights of self-government remain in abeyance; emergency legislation, conferring despotic power upon non-elected and uncontrolled Ministers and permanent officials, still remains upon the Statute Book; the ordinary usages of justice can still be overridden; the State is in control of a large proportion of industry and commerce and has inured the public to habits of submission and obedience to its absolute authority. Though much war regulation has been remitted, the lengthy and perilous processes of demobilization and of re-adaptation of disturbed industries to peace conditions, complicated by the insecurity of the continental situation and the consequent retention of conscription and large armed forces, enables our Government to defend successfully the retention of large emergency powers for a considerable period after the "Great War" is over. For the Great War, as we now perceive, leaves behind it a number of lesser wars, equally "inevitable" and equally necessary to be fought to a victorious end if the world is to be made safe for the sort of democracy which militarists and their reactionary friends consent to recognize. Many of the regulations and restraints imposed during the war can therefore be retained in the cause of national defence or, more broadly, of public welfare. The passage from war to peace will thus be a passage from a more intense to a less intense militarism. The definitely military character of the State will remain stamped upon all the leading functions of

Government. Industry, commerce, finance, agriculture, education and most other normal activities will remain "militarized" in the sense that they will be under the conscious and organized direction of "national defence." Nor is there any reason to suppose that, after some brief period of settlement has passed, during which such of the fighting forces as can be disbanded have been safely redistributed in industry and civil life, this military bureaucratic rule will simply pass away, and all the pre-war liberties of person, travel, trade, justice and self-government will be restored. No thoughtful person can think this likely. For this war has been to every seeing eye in every country a revelation of the forces of reaction which cannot be ignored. For the first time defenders of democracy are compelled to recognize the formidable nature of their task. For they catch a glimpse of the confederacy of anti-democratic forces of which militarism is the physical instrument.

If democracy is to have any real chance of survival it must comprehend, not only the strength of this confederacy, but the subtle and various bonds of interest which sustain it. We had best begin this inquiry with militarism itself, as an operative institution.

Militarism is the organization of physical force by the State, so as to be able to compel the members of another State, and some members of the military State itself, to act against their will. This provisional definition covers the two uses of "the military," against a foreign country and for "police work" at home. Militarism is not, indeed, normally engaged in either of these processes, but in preparations for performing them in case of need.

It thus stands as the surviving incarnation of pure physical force in a civilization the value and progress of which consist in the supersession of material by intellectual and moral direction. The fact that it has harnessed to its chariot some of the finest activities of the human intellect and will cannot hide the truth that it stands for barbarism. It is not the business of militarism to regard the rights or wrongs of the cause in which it may be employed. Neither in its career of preparation nor in its actual operation is it concerned "to reason why." Though, like other living instruments, it may come, as we shall see, to develop some sort of will of its own, it ordinarily takes and executes the orders of others. Who these others are, and what the orders that they give, we shall consider presently. But at the outset we see in militarism a simple manifestation of the State as material power. The question "Power to do what?" does not yet arise. The candid admission of this fact in the conventional political use of the term Power is significant. Peoples and their Governments in their relations with one another rank as "Powers." If they make a treaty they are "Signatory Powers." If they join to impose their will upon some weaker State they are "a concert of the Powers." Their typical attitude towards one another is conveyed in the expression "a balance of power." When, as recently Japan, they exhibit a sufficient amount of military and naval strength, they become "Great Powers." The fact that peoples are related to one another in the world not as groups of human beings, with the common quality and interests of humanity, but as Powers, is the stark negation of all morality in international relations. Germany has chiefly theo-

rized and glorified this attitude: but every State has lived by it.¹

States, thus valuing themselves and one another in terms of material power, become the victims of the "will to power." The possession and exercise of power for its own sake have often been charged as the besetting sin of statesmen. Derived from the actual relation of States to other States, it strikes back into the vitals of domestic statecraft. Hence a similar lust of power for its own sake comes to characterize the bureaucrat, who wins a separate satisfaction by the conscious forcing of his will to prevail over the wills of civilians. A half recognition of the fact that his official power ultimately rests upon the power of physical coercion through the police or soldiery weaves a subtle bond of sympathy between militarism and bureaucracy. Military force is always half realized by the operative statesman and official as standing behind him at his service. Though reason, justice, influence and the arts of persuasion may be the ordinary staple of statecraft, the consciousness of a power to make his will prevail is always present as a base alloy.

This does not mean that soldiers, or statesmen, or bureaucrats are in their nature worse than other men, but that their position exposes them more to the supreme temptation. The supreme temptation is variously described as self-assertion, ambition, egoism, or individualism, which means the desire to enjoy the pleasure of seeing your will dominate by sheer force the wills of other people. The auto-

¹ The form of the Peace Treaty and the Covenant of the League of Nations incorporated therein plainly exhibits the States thus ranged according to this Power and its provisions are, a naked assertion of that property.

crat, the tyrant, the bully are the simplest personal examples of this lust. But our inquiry finds it inspiring whole classes or social institutions, often disguised for those whom it affects by subtle blends and subterfuges. The civil servant, in his province of administrator, finds something congenial in the arbitrary temper of the military officer. India and other parts of our unfree Empire educate strong types of dominant self-will, rooted in conditions which ultimately stand on force of arms. But outside the sphere of government are to be found in the authoritative status of the professional man and the industrial or financial magnate distinct traces of the same arbitrary disposition. The authority of the Church, the Law, and the teaching profession, as the experience of war testifies, easily discovers a kinship with military discipline, and is zealous for the forcible suppression of spiritual and intellectual unorthodoxy. Unorganized as well as organized violence appeals to the patriotism of some active members of the Press as the proper way of dealing with unpopular opinions. The master spirit in the business world secretly or openly welcomes the presence in the State of force, which he recognizes he may need so as to break the power of labour in an economic conflict.

The closer interplay of these repressive and coercive forces in modern society will form the subject of fuller analysis in a later chapter. At present it is only necessary to note their emergence in the glare of war-time as natural allies of militarism, by virtue of some sympathy with the naked "will to power" which it represents.

It is this desire to realize one's personal importance, or the importance of one's group or country, by over-

bearing the will and dominating the lives of other people, that is the inner bond of union among the reactionary forces of which militarism is the principal external instrument. Power is not evil in itself, nor is the desire to exercise power. The desire to realize one's personality by exercising power over one's environment is a normal, wholesome impulse. The "values" of life are only got by such an exercise of personal power. The parent, the poet, the artist, the scientist, the inventor, the teacher, the philanthropist, the artisan, the tiller of the soil, the trader, all realize themselves by the conscious exercise of power. But their activities and the will that actuates them are essentially creative in the sense that they increase the quantity or raise the quality of life both for themselves and for others. The parent, the simplest example of creativeness, enriches his experience of life by giving life to others. The poet, the scientist, the artist, similarly achieve truth and beauty for themselves by communicating it to others, and so adding to the general stock. The same is true of the normal economic activities of man. So far as they are free exercises of his power, they are creative of wealth in which he and those with whom he is in intercourse alike are sharers. Such self-realization through creative power, when exercised upon the material environment, the intellectual environment, or directly on the minds of other persons, as in the case of the teacher, is good. It is only bad when it ceases to be purely creative and becomes dominating. This is the case when the parent comes to treat his family as "subjects" for the exercise of his despotic will, who are to do things "because I tell you," or as instruments for his display of his wealth, as in the case of the women of the leisured classes; or as means for

adding to the family income, as with many children of the working classes. The same perversion is found in the artist, poet, scientist, teacher, inventor, when they subordinate their true creative function to the passion for imposing ideas or tastes on others, or of pandering to popular notions or valuations which they despise in order to get fame or money.

Still more insidious is the distortion of motives sometimes seen in the philanthropic reformer, when the legitimate interest of participating in a socially serviceable work evokes a will of tyrannous obstruction to the good enterprises of others.

So we see how in the essentially wholesome activities creative power may become disastrously obstructive or even destructive.

The fields in which such perversion of the will power are most widely prevalent and most injurious (outside the family) are politics and business. For in them is found the greatest scope for the play of the naked lust for dominion over the wills and lives of others. It is not that these arts are repugnant to the exercise of true creative faculties. Far from it. No man has a greater opportunity for exercising power in a creative way for the enlargement of human values than the statesman or the industrial chief. Their will and judgment may strengthen the foundation of security and material prosperity, and furnish the means and stimuli of progress for whole provinces and peoples. For in the existing order it rests with them, more than with any other men, to determine the social and economic conditions of the common life. This very pivotal position of the statesman and the lord of industry, however, carries temptations that are their undoing. For this there are two reasons. The first is best indicated in Bacon's famous aphorism,

applicable alike to politics and business, that "All rising to great place is by a winding stair." This is the result of reflection on the nature of the competition in these fields and of the combination of aggressive self-assertion and pliability required for success. While the true creative function of the statesman, the welfare of his people, is of the highest order, all the accessories of his career contribute to select, nourish and furnish opportunities for the lower satisfaction of the lust of domination. The great scope for this use of power, in which the immediate satisfaction of his personality is found in the wielding of the collective power of the State, thus brings it to pass that ambition and the love for power for its own sake are always recognized as the besetting sins of a statesman.

But while History assigns through countless ages the first rôle in the drama of power to the ruler or the military conqueror, a reassessment of modern values compels a revision of this judgment.

Wealth has always been an important means for the satisfaction of the lust for power. But in its early forms it served chiefly as an index and testimony to personal prowess, family prestige, caste superiority, or ruling strength. It came either as spoils of battle, forced yield of servile labour, tolls, tribute or taxes extorted forcibly from weaker persons, and was used either for immoderate gratification of physical desires, for ostentation, or for the support of the human instruments of such robbery and extortion. This wealth was mainly the by-product of militarism and political rule combined in the hands of chiefs or a governing caste.

The part played by wealth in the economy of power and the arts of militarism and war was radically altered when modern capitalist enterprise set in.

Though the religious, racial and dynastic wars of Europe through "the Middle Ages" were suffused with and often dominated by economic motives, largely connected with trade routes and the acquisition of "treasure," it was not until the improved art of navigation in the fifteenth and sixteenth centuries opened up "the high seas" as highways of commerce with the Indies and America, while the beginnings of machine industry laid the foundations of manufacturing capitalism, that property became the centre of power. When capitalism was fairly established in commerce, manufacture and finance, by great shipping enterprise, the application of machinery and power to manufactures, and the free growth of banking and joint-stock companies, economic instruments and motives definitely assumed the leading rôle in the careers of ambitious men and States. The acquisition and use of property became the chief channels through which the lust of power sought and found satisfaction. Capitalism, or the use of property as a tool of commerce, industry or finance, for the acquisition of profit, henceforth became the leading factor, not only in the business world, but in State politics and in international relations. This fact, as we shall perceive, is often obscured by the tendency to cover selfish or "materialistic" motives by others that are more reputable. But, as we examine the actual operation of "power" in the modern world, we shall trace in the often complicated design the guiding thread of capitalism.

This close connection is clearly traceable in the origins of modern State militarism, with its great standing armies and navies. Though armed forces and instruments of war have always been part of the equipment of government, the poverty of nations

until recent times made it impossible to keep any large proportion of a nation in expensive idleness for work of destruction, still less to train the whole manhood of a nation for armed national service. These two achievements represent the reaction of capitalism upon the structure, as distinct from the uses, of militarism. It is important to recognize that a fundamental assumption of Cobdenism, and of the liberalism to which it appertained, that war and militarism were doomed to disappear with the advance of industry and commerce, is definitely false. Indeed, a large part of the analysis upon which we are engaged is devoted to showing how modern capitalism, both in its structure and its operations, requires, feeds and utilizes militarism. It is significant that the practice of maintaining great standing armies spread through the European system at the very time when "the industrial revolution" was beginning to make way and when the profitable conquest of the New World became a conscious and continuous policy of competing States. "A new disease," wrote Montesquieu in the middle of the eighteenth century, "has spread through Europe: it has attacked our princes and made them set up an unlimited quantity of troops. It has its crises, and of necessity it becomes contagious. For as soon as one State increases what it calls its 'forces,' the others immediately increase theirs. So no one gains, but all are plunged in common ruin. Each monarch sets up all the forces which would be at his disposal if his people were in danger of extermination, and this state of strife of all against all is called peace." In other words, great expensive standing forces first became possible with the new wealth of rising capitalism, and therefore became

necessary. For the new ruling classes in each State, a conjunction of the old feudal landlords and the new magnates of commerce and industry, required these forces for their protection at home and their political and economic conquests abroad, and were able and willing out of the new surplus of wealth at their disposal to furnish the money to support them.

When militarism thus became a great business career and war a great business exploit, the differences formerly existing between an army and a nation, combatant and civil occupations, tended rapidly to disappear. As the modern wealth of nations made it possible to train all men to arms, so the conditions of the rivalry of nations demanded that all men should be so trained. Similarly, the modern scientific equipment of these fighting nations not merely assigns to armaments a rôle of increasing importance in the career of capitalism, but the employment of these forces in actual war requires the subordination of the entire productive power of the nation to war-needs, i.e. industrial conscription.

This historical connection between the rise of capitalism and the rise of militarism follows from the fact that in the modern world power is realized more and more through property. Now property, like power, is not essentially bad. On the contrary, some property, some portion of useful matter reserved for the use of a particular person, is necessary for any sort of life, and in civilized society that property should consist not merely of some stock of consumable goods, but of some tools and materials with which the person may work freely and constructively for the accomplishment of plans or purposes of his own. Everyone, in order to be a free person, ought to have access to some share of the natural and

developed resources of the world, and to the general stock of knowledge which will help him to realize his purposes with such materials. This right to property flows from the conception of a free personality in a world of equal opportunity. It finds its justification in the demand of the creative impulses for material conditions in which to express themselves. But as property is good which is the instrument or the embodiment of the wholesome creative impulses of human beings, so it is bad when it is the instrument or the embodiment of the lust of domination, or the impulse of mere acquisitiveness.

Now, the modern industrial system has become more and more an instrument by which certain persons and classes, exercising dominion over the productive energies of other persons and classes, obtain for their private use or possession property which they have not created and for which they have given no equivalent personal service. This bad system is commonly designated Capitalism,¹ and for convenience I shall adopt that term in dealing with those economic processes which yield bad forms of property, although the term does not cover all the defects. It is no part of my purpose here to analyse in detail the economic system so as to display the numerous ways in which, on the one hand, the wholesome creative impulses of man are thwarted and repressed, while on the other the acquisitive and dominating impulses are nourished and gratified. I can only refer in general terms to the operations of an economic system which is vitiated

¹ Capital is, of course, an essential factor in any modern system of production. Capitalism, however, signifies a system controlled by and in the exclusive interests of the private owners of that single factor.

in its core by the fact that every person who takes part in it, either as the owner of some factor of production or as the claimant to some share of the product, is normally motivated neither by a consideration of the creative quality of the work done, nor by the human service which the product shall render, but by the quantity of material gain which will come to him. So far as the system yields, to those who contribute to it their productive energy of mind or body, the material wherewithal to sustain these productive energies, it may be held to conform to a sound economy, supplying out of the product of industry the necessary human "costs of production." But whenever the working of the business world furnishes over and above these "costs" a "surplus," that surplus is taken as spoils by the strongest among the parties engaged in the process of production. Sometimes it is a landowner who takes it in rent or royalties. Sometimes it is an employer who takes it in profit, sometimes an investor who takes it in dividends, or a financier who has taken the lion's share at the outset in the floating of a company. But in the scramble these advantages are not wholly confined to persons who operate in material production. Professional men, officials, artists and other producers of luxurious services, are paid in similar fashion according to the strength of the economic pull which they exert upon the general fund of wealth. What a person gives and what he gets are alike determined, not by any sound law of social service, but by the degree of economic strength which he can bring to bear upon the processes of bargaining by which he sells what he has to sell and buys what he has to buy.

It is quite evident that from these intricate pro-

cesses emerge innumerable shapes, great or small, of property or gain which is, in its origin and nature, as much "loot" as the cattle raided by a primitive tribe from the pasture of a neighbouring tribe or the blackmail taken by the robber baron on the trade which passed through his domain. The adventure of modern business is mainly concerned with the capture of these forms of "improperty." In the capitalist system the process is called "profiteering." Its illegitimacy is concealed by the fact that it comprises certain payments which, under the actual system of modern business, are necessary payments, for securing the use of capital, and for the output of ability and enterprise on the part of employers and organizers of business operations.

Now, so long as saving and the application of privately owned capital are the recognized modes of providing industries with the plant, materials, etc., which are required, the minimum interest needed to evoke this flow of capital must continue to rank as a necessary cost of production. The same holds of that part of "profit" which consists of payments needed to draw ability and enterprise into the conduct of the business. Socialism has too often missed its intellectual mark by labelling equally as plunder all payments taken by classes whom it calls capitalists, and in claiming for labour, narrowly confined to the work of wage-earners, "the whole product" of industry. In dealing with the actual economic system we cannot lump the whole of rents, profit and interest as plunder from the working classes. A more discriminative analysis is needed to show what are the unearned or excessive payments made to the economically strong which rightly rank as "surplus" or "improperty," and which represent the vicious

apportionment of the product under the existing system.¹

But the terms capitalism and profiteering serve here to convey rightly the general outcome of such an analysis. For the controllers of capital are not only the largest recipients of "surplus" wealth, but the personal embodiment of what is dangerous and wrong in the economic system, regarded from the standpoint of social good. So long as the actual direction of industry is in the hands of men who are motivated, not by the desire to get goods produced and distributed in ways most conducive to human welfare, but by the desire for personal profit, the contradiction between the human meaning of industry and the actual play of economic forces will persist. In every department of economic activity, agriculture, manufacture, mining, transport, commerce and finance, in every one of the arts and professions engaged in producing non-material wealth, quantities of unearned income emerge, representing the superior bargaining power of some landlord, capitalist, employer, financier or other professional man, derived from some limitation of competition and conveying some power to enforce terms upon buyers or sellers. This intricate and all-pervasive economic force, which in its innumerable secret ways breeds impropriety, is the source of all the economic and most of the moral evils in our social and political system. It is the most general and ubiquitous abuse of power and the central support of every specific abuse. Not only is it responsible for the evil contrasts of riches and

¹ A full analysis of this sort is attempted in my work "The Industrial System" (Longmans), while the social significance of its operation is presented in my "Work and Wealth, a Human Interpretation" (Macmillan).

poverty, leisure and toil, luxury and want, but disease, ignorance, crime, sexual vice, intemperance and every form of brutality and folly are nourished in the bad physical environment which improperly provides. The possession of unearned wealth and the control of the instruments which produce it, being the chief methods by which the will to power is realized, thus appear as the centre of the conspiracy of reactionary forces which we see rallying to the support of militarism.

Our survey began with the dramatic opposition between democracy and militarism. We then briefly reviewed the allied forces, political, social, intellectual and spiritual, which the flare of war-time showed gathering round militarism. The common characteristic in all we found to be the will to power, the lust of personal domination. In modern times the possession of superior economic opportunity is the main instrument of this domination. The system of capitalism, as the repository and the organ of personal and class power, in every field of human activity, is seen to be historically connected with the growth of modern militarism. Thus arises a presumption that capitalism needs and utilizes militarism, the particular outlet for power which militarism furnishes being connected with the broader and more various domination which capitalism represents.

CHAPTER II

MILITARISM AND CAPITALISM

IN linking up militarism and the policy it serves with capitalism, we must avoid the temptation to oversimplify the issue. The economic interpretation of history often discredits itself, either by ignoring non-economic factors, or by ingenious endeavours to show that they are economic in the last resort. In claiming, therefore, that militarism and the domestic and foreign policy it serves are moulded and directed chiefly by definite and fairly conscious business aims, I wish to make it clear that this claim does not exclude the operation of other impulses, desires and purposes. The fighting instinct, surviving in various degrees among all peoples, and often artificially preserved in the life of the leisured ruling caste and in the popular pastimes, is a direct and disinterested support of militarism. The zest for hazard and adventure, and the passion for physical self-assertion and personal prowess, evidently count, though less in modern than in older modes of warfare. Struggles to throw off the domination of a foreign yoke or of domestic tyranny, wars of defence against outside aggression and the militarism which they involve, are inspired by fears and aspirations for the most part not consciously related to economic ends. Many of the feelings which animate such struggles express

a passion for personal or collective liberty, including the sentiment of nationality, based on contiguity and racial, linguistic, religious and other affinities, and carrying with it distrust and dislike of foreigners. In the main, these feeders of militarism are not merely non-economic in nature and origin, but are free from that passion of domination which is the illegitimate motive for the use of power.

Even when we pass from such legitimate and genuinely defensive, or merely impulsive, motives of militarism to the definitely aggressive, we still find that other non-economic considerations often seem to outweigh the distinctively economic ones. The desire of rulers or of peoples to punish or avenge themselves upon their "traditional enemy," or to extend their political system over neighbouring lands on some more or less specious plea of ancient rights or racial affinity, or the mere passion of conquest in order to exercise dominion over others, the disease of *kilometritis*, may have little contact with any definitely economic motive. The ambition of the monarch, the statesman or the general, who plans or executes such aggressive designs, can count upon some responsive sentiment in his people, who in most instances have nothing to gain and everything to suffer from such foreign exploits.

Throughout the modern imperialistic movement, from the fourteenth century onward, there is, as we shall see, no reason to doubt the sincerity of the humanitarian strains which have tempered the greed of gain and power. The desire to spread the true religion, to extend the blessings of civilization, to elevate the lower races and even to teach them the arts of self-government, have not been merely hypocritical pretences. They have been genuine motives

blending with, and sometimes even dominating, the more selfish ones. They may be said to distinguish the "mission" from the "march" of civilization in the history of imperialism.

In a word, militarism and the State policy with which it is associated are, like other human conduct, a composite of many motives, with various degrees of consciousness attaching to them. What we have to try to understand is not so much the magnitude or force of these several motives as their relations to one another in the work where they co-operate. In explaining these relations it is of paramount importance to distinguish the volume and intensity of the motives from their management and direction. Only in this way can we establish the important truth which the economic interpretation contains. For it will be found that, though the sentimental or instinctive passions of pugnacity, fear, patriotism, nationalism, humanitarianism, appear to generate a far larger volume of conscious energy for the support of militarism, alike in its defensive and its offensive work, the guidance and direction of these sentiments mostly come from the economic motives which fuse with them and exploit them.

A host of patriotic sophists have been at work during the last few years in every country advertising the nobility of their cause by pretending that economic factors have no proper place in the causation of the war, and denouncing those who hold the contrary as "materialists." This shallow and foolish perversion of history is accomplished by confining attention to a narrow range of diplomatic documents, upon the one hand, and a false stress upon Belgium and Servia as local causes of trouble, on the other. By this device the really dominant, efficient causes,

viz. the struggle between France and Germany for the control of Lorraine and Morocco, between Russia and Austria for the control of the Balkans, between Germany and Russia, France and Britain for the control of the Turkish Empire, were virtually ignored. Now, that these colonial and imperial antagonisms were predominantly economic, in the sense that the statesmen who conducted foreign policy, or the peoples who rallied to their appeals to national aspirations, were thinking mainly in terms of trade or finance, need not be contended. The doctrine that property is the typical modern instrument of power carries no such implication. The real meaning of the doctrine is that the selection and preparation of the concrete issues, which force their way into the front of foreign policy, generate trouble between States, and mobilize in each nation the vaguer and more disinterested passions, are mainly economic processes. The ever-growing urgency for large, various, free outside profitable markets for buying and for selling, especially the access to favourable supplies of raw materials and the desire for exclusive areas for lucrative investments and business exploitation—these keen persistent desires of strong well-organized groups of business men within each Western nation will be found everywhere to supply the driving force in foreign and colonial policy and so to operate as a demand for militarism. Attached to these definitely commercial and financial motives are other less formulated sentiments connected with the protection and promotion of property and industrial interests which disguise themselves under the general cloak of conservatism.

Germany, as the country where the policy of militarism is most clearly exposed, will best serve to

illustrate the interplay of economic and other motives and the determinant part taken by the former. The following review of the concrete factors favouring an early war policy in Germany is contained in the famous despatch sent to the French Foreign Office in the summer of 1913 by M. Jules Cambon, French Ambassador in Berlin.¹

The country squires represented in the Reichstag by the Conservative party want at all costs to escape the death duties which are bound to come if peace continues. In the last sitting of the session which has just closed, the Reichstag agreed to these duties in principle. It is a serious attack on the interests and the privileges of the landed gentry. On the other hand, this aristocracy is military in character, and it is instructive to compare the Army List with the Year Book of the Nobility. War alone can prolong its prestige and support its family interest. During the discussion on the Army Bill, a Conservative speaker put forward the need for promotion among officers as an argument in its favour. Finally, this social class, which forms a hierarchy with the King of Prussia as its supreme head, realizes with dread the democratization of Germany and the increasing power of the Socialist party, and considers its own days numbered. Not only does a formidable movement hostile to agrarian protection threaten its material interests, but in addition, the number of its political representatives decreases with each legislative period. In the Reichstag of 1878, out of 397 members, 162 belonged to the aristocracy; in 1898, 83; in 1912, 57. Out of this number 27 alone belong to the Right, 14 to the Centre, 7 to the Left, and one sits with the Socialists.

The higher bourgeoisie, represented by the National Liberal party, the party of the contented spirits, have not the same reasons as the squires for wanting war. With a few exceptions, however, they are bellicose. They have their reasons, social in character. The higher bourgeoisie is no less troubled than the aristocracy at the democratization of Germany.

.. Uneasily balanced to-day between Conservative in-

¹ Cd. 7717, p. 15.

instincts and Liberal ideas, they look to war to settle problems which their parliamentary representatives are painfully incapable of solving. In addition, doctrinaire manufacturers declare that the difficulties between themselves and their workmen originate in France, the home of revolutionary ideas of freedom. Without France industrial unrest would be unknown.

Lastly, there are the manufacturers of guns and armour plate, big merchants who demand bigger markets, bankers who are speculating on the coming of the golden age and the next war indemnity—all these regard war as good business.

Among the "Bismarckians" must be reckoned officials of all kinds, represented fairly closely in the Reichstag by the Free Conservatives or Imperial party. This is the party of the "pensioned" whose impetuous sentiments are poured out in the *Post*. They find disciples and political sympathizers in the various groups of young men whose minds have been trained and formed in the public schools and universities. The universities, if we except a few distinguished spirits, develop a warlike philosophy. Economists demonstrate by statistics Germany's need for a colonial and commercial empire, commensurate with the industrial output of the Empire. There are sociological fanatics who go even further. The armed peace, so they say, is a crushing burden on the nations; it checks improvement in the lot of the masses and resists the growth of socialism. . . .

Historians, philosophers, political pamphleteers and other apologists for German *Kultur* wish to impose upon the world a way of thinking and feeling specifically German. . . . We come finally to those whose support of the war-policy is inspired by rancour and resentment. These are the most dangerous. They are recruited chiefly among diplomatists. German diplomatists are now in very bad odour in public opinion. The most bitter are those who since 1905 have been engaged in the negotiations between France and Germany; they are heaping together and reckoning up their grievances against us, and one day they will present their accounts in the war-press.

This analysis, though somewhat overstressing the part played in German policy and sentiments by

antagonism to France, gives powerful emphasis to the leading economic motives and their intellectual allies.

No clearer presentment of the issue of militarism against democracy has yet been made.

The landlords of Germany were ready to plunge the nation into war in order to safeguard their "rights and privileges," which, concretely interpreted, mean the right to escape taxation and the privilege to tax their countrymen by agrarian protective duties.

The capitalist bourgeoisie wanted war for three chief purposes :—

1. To settle problems of "industrial unrest" which threatened revolution, and which they could not hope to settle by constitutional methods ;
2. To gain lucrative foreign markets and areas of financial penetration ;
3. To make profits out of armaments, war contracts and war finance.

With them stood the diplomatists, the bureaucrats, and the academic mercenaries of the universities and the intellectual coteries.

Yes, some will say, this is the vicious combination of forces which made German militarism and precipitated war. But our militarism, that of Britain and of France, at any rate, was essentially different : it was defensive, not aggressive, it had no definitely economic policy, it was not against democracy. How far would a similarly penetrating analysis to that of M. Cambon, applied to France, Britain and other militarist Powers, bear out these assumptions ?

Are not the salient facts of the situation much the same in every country, qualified by special circum-

stances? Where the landowning class has fused more completely with the industrial plutocracy, as in Great Britain, there is not the same edge to the exclusively agrarian policy. Where colonization is approaching the stage of satiety, as in Great Britain and France, the aggressive strain of imperialism is modified.

But in every one of the Great Powers we can clearly discern as principal supports and stimuli of militarism and of a forceful policy, the same four impelling interests which M. Cambon found in Germany :—

1. The armament trades, with the professional fighting services ;
2. The general interests of the propertied classes in relation to (a) the control of labour, (b) the issue of taxation ;
3. Protectionism, for home profiteering ;
4. Colonialism and imperialism.

Though, as is obvious, these interests dovetail into one another, it is convenient to give them some separate consideration.

The general connection which we have noted between the rise of modern capitalism and the appearance of expensive standing armies and navies called attention, even in the seventeenth and eighteenth centuries, to the scandal of the fortunes rapidly accumulated by army contractors. But in more recent times, chiefly owing to the abnormally rapid development of the machinery of offence and defence by land and sea and of the science of explosives, the armaments trades have become one of the most lucrative and important branches of capitalist industry.

In recent times a most sinister feature of the industrial system in every developed country has been the growing size, variety and importance of business firms applying the sciences of chemistry and engineering to the supply of ever more elaborate and expensive instruments of war. These powerful producers of warships, guns and ammunition are, of course, only the more visible and obtrusive part of a vast system of co-ordinated businesses devoted to supplying the numerous needs of militarism and taking their profits from the growing public expenditure on it. For several decades before this war in all the civilized nations of the world, except, perhaps, the United States, the annual expenditure upon armaments was growing at a faster pace than the aggregate national income. In other words, the businesses catering for militarism were becoming a factor of increasing importance in the industrial system. But their growing importance as agents of militarism and of the foreign policy which militarism expresses, is by no means adequately measured by their mere size. In the business structure and methods of the great armament firms, Krupps, Schneiders, Armstrongs and the rest, we find the power of concentrated capitalism more successfully adapted to the exploitation of politics for profiteering ends than in any other industry. Their only serious competitor in this country has been the Liquor Trade. For the firms which in ordinary times have the handling of the huge contracts for armaments in each country are very few in number. In Great Britain, in 1914, the firms with a subscribed capital of over £1,000,000, mainly or largely devoted to armaments, were only twelve in number,¹ and several

¹ Cf. "The War Traders," by G. H. Perris, p. 8.

of these twelve were owned in part, and so controlled, by the great firms of Armstrong, Vickers, Cammell Laird and John Brown. Though a swarm of subsidiary industries had sprung up connected with explosives or fire-arms, or with the supply of aircraft, etc., some half-dozen great firms were predominant in financial strength and in political pull. The processes of amalgamation, interlocking directorates, and various forms of combination and trade agreements, had welded the different firms and trades into a fairly conscious solidarity of interest, the nature and purposes of which were well illustrated in the revelations made in 1913 to the Select Committee on Estimates of the operations of the "four great firms" forming the Armour Plate Ring. The business interests of Sheffield and Birmingham, the Clyde and the Tyne, became more and more linked up with militarism.¹

Similarly in France, the great military and naval armament firms, grouped for most purposes in two syndicates, consisted of a small number of powerful and profitable firms, with Schneider, La Société de la Marine, the St. Nazaire and the Chatillon Comenty firms at the head, actively engaged in working high politics for lucrative contracts.

In Italy, Russia and Japan, both naval and military equipment was largely financed and executed by the

¹ "Sheffield enjoyed in 1913 a period of abundant trade, and those departments which manufacture munitions of war for the British and foreign Governments have never been better off. Excellent orders were received for armour, guns and projectiles; the plants were constantly engaged at the fullest capacity, and the work or prospects of work at present in sight are sufficient to keep them occupied for five years to come" (*The Times Engineering Supplement*, January 28, 1914).

Yet there are those who contend that we were not prepared and not preparing for war!

great British and French firms, or by national companies in which Armstrong, Vickers, Schneiders and the international trusts of which they were members were dominant partners. The British and French armament and steel interests notoriously played a great part in the promotion of the Anglo-French alliance and the *entente* with Russia.

German armament firms had similarly syndicated into a few immense groups in which the Löwe, Krupp, Nobel firms were conspicuous heads. They, too, had extended their business operations to Italy and Russia (though on a diminishing scale in recent years), to Turkey, Belgium and the Balkans.

Virtually the whole of this business was done with Governments, their own or foreign. In bargaining with Government departments they were in a peculiarly strong position to obtain contracts and to dictate prices. Their small numbers enabled them more easily to limit competition in tendering for contracts, and in securing prices from Government officials who had neither the expert knowledge nor an adequate incentive to keep down the cost. The business relations between themselves and with their Government were further facilitated, on the one hand, by interlocking directorates, on the other by the employment of retired Army and Admiralty officials as directors of armament firms. The helplessness of the Government to protect the public purse against the combined strength of the private armament firms was revealed during the war in several Reports of Governmental Committees of Inquiry into the finances of the Munitions and other spending departments, in which the most scandalous disclosures of overreaching and fraudulent connivance to loot the public purse were made.

On the directorate of these companies and among their large shareholders were many Members of Parliament and high Government officials. In quiet times it was the manifest interest of these persons to press the Government for contracts, irrespective of the immediate need for ships and guns, in order to keep in being the plant and skilled labour which might be wanted for a national emergency, and to conduct experiments in the latest development of destruction and defence. It is notorious that in this and other countries expensive orders have been doled out to private firms while Government arsenals have been left with idle plant and reduced staff, in order to practise this strange national economy. It might be supposed that the ordinary precaution would have been taken to secure for the nation the exclusive services of the plant and skill thus subsidized. Not at all. These firms have been free to sell the products of a skilled scientific industry, heavily subsidized as vital to the national security, to the Governments of foreign countries which might at any time become our enemies. This truly humorous situation was, of course, doubly advantageous to the armament firms. For it not only enlarged their profitable market, but it laid the foundation for more business to come in ways analogous to those commonly imputed to the plumber. Every improved ship, or gun or explosive, supplied either directly or indirectly to a foreign State which might be an enemy, set up a corresponding demand for more ships, guns and explosives in other countries, and was used with particular effect to stimulate new orders in the country whose firm had initiated the new business move. This, indeed, was a fairly open move in the more intricate game by which in every country the armament firms intrigued

and conspired to promote this profligate competition between their own and other Governments. This is not the place to describe the detailed devices employed, the debauching of the Press, the bribery of officials, the false information conveyed to Governments in order to evoke new contracts by misrepresenting the operations and plans of other Governments. Secrecy is of the essence of such business. But the number of dramatic revelations in this country, France, Germany, Russia, Japan and America compel any man accustomed to weigh evidence to the conclusion that these crooked methods of stimulating the ill-will and fears of nations for private profitable ends have been a normal feature of the policy of the armaments business.

It is the crowning logic of the situation that this industry, which exists for the purpose of expressing in policy and practice the antagonism of nations, should in its structure have achieved the highest form of internationalism. Not merely did the armament firms in the several countries play into one another's hands, but they had direct material community of interests and a formal capitalistic organization for realizing them. The full evidence of this statement and its significance for militarism and foreign policy have been set forth in Mr. Walton Newbold's masterly work, "How Europe Armed for War,"¹ and is too voluminous for adequate citation here. I will content myself with two illustrations of the international capitalism of the armaments industry.

In 1894, soon after the British Admiralty had ordered 17,000 tons of Harveyized armour for the new "scare" programme and when the Russians, French, Germans and

¹ Blackfriars Press, 1s. 3d.

Italians had also adopted it, the Harvey International Steel Company was incorporated. These were its first directors:—

Charles Cammell,
 Charles E. Ellis (John Brown & Co.),
 Edward M. Fox (Harvey Steel Company, of New Jersey),
 Maurice Géný (Schneider et Cie),
 Léon Lévy (Chairman, Chatillon Commenty Cie, France),
 Joseph de Montgolfier (Compagnie de la Marine et des
 Chemins de Fer, France),
 Joseph Ott (A.-G. Dillinger Hüttenwerke, Germany),
 Ludwig Krupp (A.-G. Friedrich Krupp),
 Albert Vickers.

And this was in the days when France and Russia were our fiercest rivals, and when those two nations were contesting with Germany for military pre-eminence.

But scarcely were the Harveyized steel-plates the accepted fashion when Ernst Ehrensburger perfected the superior Krupp cementation process in 1896. Next year the British, French and American companies were permitted to share the lucrative secret, and the Harvey Companies socialized the new methods in the interests of the armament international.

The cost of the new installation was enormous, and so was that of the new armour, but the nations paid up cheerfully and the firms suffered no inconvenience, but speedily found the ample reward of genius.

The Harvey armour soon brought the armour-clad armaments back to favour, even greater than ever, and greatly encouraged the building policies of the Powers.¹

The Nobel Trust, only dissolved after the opening of the war, was not less remarkable in its financial constitution. Incorporated in London in 1886, the Nobel Dynamite Trust was founded to hold the shares of

The Rheinische Dynamit Fabrik,
 The Dresden Dynamit Fabrik,
 The Dynamit A.-G.,

¹ Newbold, *op cit.* p. 40.

The Deutsche Sprengstoffe A.-G.,
The Nobel Explosives Company,
The Alliance Explosives Company,
La Société Nobel (Avigliano, Italy).

The first four (Mr. Newbold informs us) had really been owned by the Commerz und Disconto Bank of Hamburg, and the Nobel Explosives Company by the Commercial and Union Banks of Scotland. Next a French-Italian group of Nobel firms was formed, and an agreement was entered into between the two groups to combine for twenty-four years. This was renewed in 1911.¹

It is at first sight a curious commentary upon capitalism that its highest development of structure should be in an industry whose *raison d'être* is the destruction of modern civilization. Further reflection may, however, show that this is a quite natural and logical result of the evolution of industry under the disintegrating motive of private profit.

¹ Op cit. p. 44.

CHAPTER III

THE DEFENCE OF IMPROPERTY

BUT while the armament businesses constitute the capitalist backbone of militarism, tending more and more to become active causes instead of mere instruments, we must not be led to exaggerate the part they play. They can only trade upon and artfully inflame the fears, suspicions, jealousies and conflicts of interest which already exist. These primary motives are for the most part otherwise generated. In order to understand their nature and origin, we have to delve beneath several superficial strata of interpretation. Why should States so fear and suspect one another, why should they presume such conflicts of interest as to oblige them to make armed preparations on a larger and larger scale, absorbing larger and larger quantities of men and wealth in military service?

When political power becomes more and more closely implicated with economic considerations, i.e. when the State policy can be utilized in many ways to the advantage of the propertied and business classes, by conserving and increasing the "rights" of property and the legal, economic and political supports on which they rest, a strong factor of military force in the background becomes of paramount importance. We have already recognized that these "rights" of property comprise many "wrongs," and that in every advanced industrial

nation more and more vigorous popular movements are directed to the redress of these wrongs. In this country, as in others, these movements of political, social and economic reform are recognized by the ruling and possessing classes as attacks on property. The classes everywhere prepare defences. The nature of these defences is determined by the attack. Now, in most countries the attack upon improproperty is an integral factor in every form of the democratic movement. Reforms in land tenure and in housing, in taxation and rating, most factory and other industrial laws, much hygienic, temperance and moral legislation, involve frontal attacks on some form of improproperty. Other popular demands for education, recreation, insurance, pensions, etc., requiring large outlays of public money, are resented as burdens upon property. The labour movement, alike on its economic and its political side, is chiefly directed to the redress of grievances or the assertion of claims obnoxious to the interests of the propertied classes. Even those movements not directly economic in their aim and method, such as those for extension of the franchise and other improvements of electoral and governmental machinery, are largely actuated by the express or implied desire to use for economic purposes the enlarged powers of popular self-government. In all these ways the democratic movement is hostile to improproperty.

Now, improproperty has many subtler and safer methods of defending itself than a resort to physical force. It usually has the law upon its side. For comparatively few abuses of property involve breaches of the law, which for the most part has itself been made by the propertied classes in every country. Where they do involve breaches of the law, all trouble-

some consequences can commonly be evaded, except in very simple and flagrant instances, by the power which property possesses to buy the most expert legal aid, and to involve the poorer adversary in expensive processes of litigation, conducted in courts presided over by judges likely, from their social status and their training, to be sympathetic with the cause of impropriety, and often themselves directly interested in its maintenance. Moreover, if the law does not afford an adequate defence of impropriety, it can be amended for the purpose, assuming, as is commonly the case, that the legislature contains a large enough proportion of persons interested in seeing that this is done. Most legislators in industrially developed countries have personal "stakes in the country" involving some abuse of economic power, or else are lawyer-politicians with professional interests in defending such abuses. Lawyers, bankers, brewers, railway directors and magnates of industry and commerce always compose the great majority in nearly all legislative houses, and though a conflict between propertied interests may sometimes divide them, for the essential work of defending and improving impropriety a sufficient majority can almost always be relied upon. Against such hard facts the principle of popular representation affords no protection, for the interests of the people are commonly diffused and dimly realized, whereas the interests of property are concentrated and clearly comprehended. The control of the party machinery, the Press and other instruments for making and dividing public opinion in the electorate has enabled the forces of property to keep a fairly reliable grip upon the legislative and, what is even more important, the administrative machinery of the nation.

Nevertheless, there always lurks a vague fear in the background of the mind of the ruling classes lest their methods of pacific defence may fail. This fear takes more definite shape as peoples become more educated and show more capacity of economic and political organization. The problems of education and organization are exceedingly embarrassing for property and capitalist control. The old feudal holds of habitual and personal allegiance to a local chief and master are no longer available either for business or for electoral control. Large joint-stock companies upon the one hand, and city life upon the other, have destroyed the personal nexus. The more abstract and inhuman *modus operandi* of modern capitalism facilitates and evokes discontent and criticism. The necessary conditions of an industry which brings large numbers of workers and citizens into close and constant association make out of this criticism a basis of effective organization. Again, some rising minimum of education and trained intelligence is essential to the profitable working of the modern arts of industry. Modern workers must know how to read and write. Yet even this nibbling at the fruit of the tree of knowledge is a disturbing influence. How to keep the working-class education upon a safe, low level has become a serious problem for the ruling and possessing classes in every country. German rulers have dared to raise their standard of popular education to a higher level than elsewhere, because the rapid recent rise of Germany from feudalism has left them with powerful sentimental and traditional controls which our ruling classes no longer possess.¹ Our rulers

¹ Professor Veblen, in his interesting work "Imperialism and Modern Germany," traces the superior militarist power of Germany

have been more grudging in their educational concessions, with the result that they now perceive to their alarm that they are falling behind in the profitable arts of industry. If only there were some way of keeping education on a narrowly technical utilitarian level without imparting a general intelligence that bred ideas, promoted criticism and facilitated organization, that would be grand! Indeed, in a timid, fumbling fashion our propertied classes, both as rulers and philanthropists, have been experimenting along these lines. Their failure is manifest and so is its cause. The sort of narrow efficiency they sought to evoke is not attainable. The progress of modern capitalist industry makes innumerable demands upon applied science, intelligence, initiative, responsibility and other intellectual and moral factors, not merely for a few organizing and managing "bosses" but for whole grades of workers. Nothing less than an educated and intelligent community will suffice to yield the economic powers needed for the more refined and profitable processes of progressive industry. But the educated and intelligent community will want more leisure, more comforts and an altogether higher standard of living. They will put forth larger and better organized demands for a share in the control of business and will back them by their votes as an electorate. All this signifies a formidable encroachment upon the rights and fruits of property! How to make intelligent efficient workmanship consistent with a submissive disposition, this is the crux. Prussia, as we perceive, succeeded best in achieving this reconciliation. But even there, where the prestige

to this temporary reconciliation of two ultimately incompatible influences, feudal discipline and industrial capitalism.

of the governing classes was supported by an oligarchic system of representation and an irresponsible monarchy, political and legal supports did not appear to afford security to power and property. Prussian military policy had other specious origins and motives, but one most obvious appeal, as M. Cambon indicates, was that of furnishing an adequate defence against the forces of social democracy which industrialism and education have evoked. There, as elsewhere, compulsory military service operated in two ways to repress the unruly aspirations of the workers. It put all their youth under a regimen of iron discipline, so as to teach them obedience to the master-class and to break their own incipient will to power. It kept in constant evidence a repressive instrument of overwhelming force for the defence of property and public order, at the disposal of the master-class. Every worker was a soldier, and might be called upon to shoot his fellow-workers, should the masters declare that it was necessary. Had he the will to refuse, still more had he the will to place his military skill and training at the disposal of his fellow-workers and against his masters?

A certain school of Socialists has cherished the belief that it will be possible by a well-directed and powerful appeal to the working-class sympathies and interests of conscript armies to tear the weapon of militarism from the grasp of the master-class and put it at the service of a proletarian revolt. Some of them perhaps will claim to find support for their belief in the circumstances of the recent revolutions in Russia and the Central Powers. But what do these experiences actually prove? When in the course of war the military and naval command

is utterly and openly discredited by ignominious failure, accompanied by intolerable losses of life, and, in the case of Russia, by widespread charges of corruption and of treason, the passions of anger and fear may stimulate the fighting forces to rebel against their chiefs. Such military and naval rebellion, supported by a concurrent revolutionary movement of the civil population, may have a momentary success. Nay, further, a proletarian government may for a while retain for its own use and defence the military force thus placed at its disposal. But the inherent incompatibility of militarism and democracy will reassert itself. The weapon which the proletariat think to wield for their own defence will soon turn in their hands. Organized force will recognize its natural master, and whether or not the forms of democracy remain, the substance of autocratic authority will once more be in the grip of the master-class.

Militarism thus means, in the first place, that the propertied classes who furnish the command possess and are aware of possessing in the army a final and sure bulwark of defence against any really dangerous attack upon their political and economic power, "the interestocracy," either in the way of mob violence, a withholding of their labour power, or constitutional reforms. It is true that, even in Germany and Russia, this use of militarism has normally been kept in the background. But both the ruling and the subject classes knew that it was there, and despite all the devices to represent militarism as a defence of the Fatherland against the foreign foe, some recognition of this deeper purpose continually crept in. War itself serves, of course, to mask this domestic purpose under the temporary reality of national

antagonism. It is not only the effect, in large measure it is the purpose. This has been partially true of Germany, where the true logic of militarism has worked more nakedly than elsewhere. German conservatism, like that of other rich countries, was more closely and even consciously engaged in the defence of property, and militarism more and more became an instrument in this defence. The rapidity with which Germany entered on her new commercial and industrial career, and the organized skill with which the sway of improprerty was exercised there alike in industry and government, ripened the issue more completely than elsewhere.

But in other European countries the same lesson may be learnt. That Russian militarism was developed by the autocracy to keep down the Russian people hardly needs argument. It is not seriously disputable in view of the events of 1906. The army was the avowed weapon of autocracy, bureaucracy and the landed and commercial interests, against the seething tide of revolutionary discontent, and, in spite of the active support it rendered to the upheaval of 1917, will be pretty certain to return to its allegiance as the instrument of a social "order" interpreted by the interest of the classes who officer it and engineer the new domestic and foreign policy of the "constitutional" Russia set up by the aid of Allied arms. The notion that the Russian army will remain the faithful ally of a Russian democracy is a childish illusion which nobody familiar with history can entertain.

Does a republican form of government furnish any reliable guarantee that the interests of the people shall overbear those of the propertied classes?

Recent events have brought monarchy, as an insti-

tution, into disrepute. The machinations of monarchs and courts have been exposed as working havoc with the safety and welfare of their peoples. Nor is it absolutist monarchy alone that suffers from the revelation. The very term Constitutional Monarchy is everywhere becoming recognized as injurious to the cause of genuine democracy. The incorporation in a government of the hereditary principle, either in the head of the State or a Chamber of the Legislature, is a defiance of reason which carries with it grave intellectual and moral damages.

But Republicanism itself forms no security for democracy or against militarism. Has the case of Republican France been essentially different from that of autocratic Russia? What has been the meaning of the tightening conscription and increasing military expenditure during the last generation? The conscious and avowed motives, defence against another German invasion or *la revanche*, were but a partial explanation. Throughout the whole illuminating Dreyfus episode another meaning of the army as a shield of property and of its legal and economic foundations, against the revolutionary proletariat, became apparent. In France, as in Germany, military service was valued primarily by the ruling and authoritative classes, first as a wholesome discipline for the workers, and secondly, as an ever ready instrument for the suppression of revolts against servile conditions of industry and the powers of a bourgeois bureaucratic State. The crucial instance of this motive was afforded by the action of the Government in 1910 when the great railway strike was broken by the simple expedient of placing under military discipline all the railway workers who were reservists and punishing by court-martial all who

refused obedience. This mode of strike-breaking brought shattering conviction to the logical French mind.

But how is all this applicable to British militarism? it may be asked. That, at any rate, has not been inspired by domestic fears. Until the German menace tardily forced itself on to our consciousness, we were content with plans for the defence of our country against external foes. Our small military system had no regard to the defence of property! Now, it is true that British militarism has come with a rush in war-time and bears the appearance of a merely temporary improvisation. But those who have more closely watched the course of politics in recent years will form a different judgment. They will have perceived a steady, widespread and various campaign afoot throughout the country for compulsory military service, in which all the Conservative interests of the nation were actively enlisted. It is now pretended that the promoters of this movement, gifted beyond their fellows with a power of prophecy, foresaw "the inevitable war," and were merely motivated by the patriotic desire to prepare for it. Now, for our argument it is immaterial whether the war was or was not inevitable. What is certain is that very few responsible persons of any party or class seriously believed in its inevitability or even in its likelihood. A good many, doubtless, half believed in it, because they wanted conscription and found it easy to persuade themselves that a fear so obviously serviceable to secure their end had something in it. A few even wanted war and had the wit to recognize that if they talked loudly and confidently of its inevitability, it was more likely that their prophecy would be fulfilled. My point here is that, if we look to the trend of British

politics and industry in the years before the war, we shall see the same drive towards militarism that we have seen in France and Germany. For the same impelling motives were at work. And the first of these motives is that a strong army and its accompaniment of national discipline were wanted for the defence of "property." For "property" was seriously threatened. The working classes were lately showing new capabilities of organization both in politics and industry. The two-party system, by whose see-saw the propertied classes had kept securely in their hands the power of government, was breaking down. A new growing Labour party had come into being. An effect of this new situation was to strengthen the left wing of Liberalism and to drive it also along roads dangerous to property. The new policy of social reform, the radical concessions intended to frustrate more extreme demands of labourism and socialism, themselves involved attacks upon the rights of property which were resented as confiscatory and revolutionary. It was not any theoretical objection either to social reforms or to the extension of State functions accompanying them that stirred this new spirit of resentment, but the financial policy which they involved. It was the great Budget of 1909, with the fresh exactions upon property evidently needed to appease and satisfy the popular demands for pensions, insurance, housing, education and other expensive policies, that rallied property to its defences. For it was correctly understood that the costs of these reforms must come out of the purses of landlords, brewers, City men, railway and shipping magnates, and the directors and dividend receivers in our prosperous industries and commerce. And these were

not disposed to pay if they could help it. There was no tendency among the Conservative owning classes to recognize that "rights of private property," as at present exercised, conflicted with the general well-being, or contained grievances that ought to be redressed.¹

The new forces of democracy, therefore, spelt anarchy to the classes conscious of their right to own and right to rule, and they began to be concerned for their defences. The instinct of rightful rulership had never been abandoned by the master-class: it had always been sustained by a very real predominance in politics, in business and in society, and consecrated by the deference paid by the lower classes to those whom they recognized as their "betters." Even under a popular franchise, manipulated by the well-to-do, this predominance remained unshaken. But now that the electorate began to get out of hand, and really dangerous proposals forced themselves into practical politics, while the House of Lords, an ever-present help in time of trouble, was robbed of its veto, the Constitutional party began to look behind the Constitution that was failing them for some more reliable support. Nor was it only the political

¹ So intelligent an exponent of Conservatism as Lord Hugh Cecil failed entirely to discover any distinction between legitimate and illegitimate forms of property. "Our survey of the principles underlying the right of private property, and the relation of the State, especially in its function of tax-gatherer, to property, leads to the conclusion that it is impossible for the State equitably to distinguish between one kind of property and another, either on the principle that its economic value is earned or unearned, or on the general principle that it has been acquired more or less meritoriously. All property appears to have an equal claim on the respect of the State, and neither in taxation nor in any other acts of State can distinctions be fairly drawn between one owner of property and another."—"Conservatism," Home University Library, p. 150.

situation that was menacing. Organized labour was becoming more restive in all parts of the industrial world. Europe was boiling over with great labour conflicts. The virtual stoppage of the rise in wages, which had for a generation past bought off the proletarian revolt in this country, blasted the hopes of the wage-earners and produced a seething discontent which vented itself in strikes of a scope and intensity beyond all precedent.

These conditions were compelling the ruling classes to look behind the Law and the Constitution to the army for the protection of their property, their power and their privileges. Militarism became a conscious need. Soldiers might be wanted to quell strike violence,¹ to protect blackleg labour, to compel the working of the railways and the mines, and in the last resort to resist the administration of laws of a confiscatory or revolutionary character passed by a Parliament in a spirit of recklessness or panic! With that curious indirectness which obscures our politics, the test and proof of this interpretation is found, not directly in the economic field but in a heated constitutional issue. In the treason of Ulster and the flashlight of the Curragh Camp and the reception of these acts in England, far more than in the fear of Germany, we find the new meaning of militarism. High party leaders in this country, with a great following in the political and social world, flaunted their intention to resist the will of Parliament by appealing to the army.² Thus the threatened in-

¹ In the great railway strike of 1911 Mr. Winston Churchill, Home Secretary, secured the use of the military and placed it at the disposal of the railway directors.

² For a fuller analysis of the situation in the early summer of 1914, I may refer readers to my pamphlet "Traffic in Treason" (Fisher Unwin).

terests of property found their opportunity. Had the war not intervened, the matter would have gone forward, and the exhibition of the meaning of militarism as an instrument of Conservatism would have been complete. Property, in open alliance with organized illegal force, would have fought to recover the constitutional positions it had lost, and would have firmly entrenched itself against future assaults of the people, either in their capacity of an electorate or an industrial proletariat.

The absorbing importance of the war has wiped out of memory the situation which was evolving so swiftly in the years before. But the deeper factors of that situation remain and will reassert themselves. Militarism has been firmly fastened on this country, and its beneficiaries will struggle stoutly against any attempts to remove or weaken it.

The emergency powers of militarism during the war exhibit various ways in which National Service, in time of peace, may be utilized for the defence of capitalism. The Defence of the Realm Act and the Military Service Act between them possess immense potentialities of industrial compulsion gradually realized as the war advanced. Here are two instances among many :—

Within a month of the passing of the Military Service Act there was a strike at Dundee. . . . What did the employer do? He did not use the ordinary methods of dispute and fight it out. . . . He immediately reported these men to the military authorities and they were called up under the Act.¹

A working party of 120 soldiers was supplied to the Llanelly Steel Company. These men remain in the military service of the Crown and are under military discipline. They receive no wages, but continue in receipt of their military emoluments.²

¹ J. H. Thomas, House of Commons, May 16, 1916.

² Dr. Addison, Ministry of Munitions, House of Commons, August 7, 1916.

Readers of the franker organs of the Conservative Press had no illusions about the phrase "duration of the war." They knew that militarism was intended to stay, and that its beneficent influence, like that of charity, "begins at home."

Trade Unionism—that shelter for slinking shirkers—is imperilling our existence, and by its action a rot of our national soul has set in. One remedy, and one alone, can eradicate this state of rot—martial law will cure it.¹

Compulsory service was necessary at this time when the people were getting out of hand.²

Those, it may be said, were war incidents and war rhetoric. But in 1919, several months after the signature of the armistice, documents were issued from the War Office to Commanding Officers requesting answers to a list of questions, opening with the following :—

(a) Will troops in various areas respond to orders for assistance to preserve the public peace?

(b) Will they assist in strike-breaking?

At the same time a Questionnaire, addressed to Station Commanders, asked for information upon these among other matters relating to their units : (a) Whether there is any growth of Trade Unionism among them ; (b) the effects outside Trade Unions have on them.³

Comment is needless.

Here we hear the master's voice. It merely gives

¹ Lieut.-Colonel W. H. Maxwell in *The Outlook*, September 1915.

² Colonel Sir Augustus FitzGeorge, August 26, 1915.

³ These documents, published by the *Daily Herald* in May 1919, were admitted and defended by the Government.

expression to a sentiment commonly known to pervade large sections of "society," including not only the aristocracy and the plutocracy, but considerable strata of the managerial, the official and the professional classes of this and other countries.

CHAPTER IV

PROTECTIONISM AND IMPERIALISM

I

So far our analysis has been mainly concerned with the part played by militarism as a conservative and reactionary factor in the internal policy of a modern State, directed to safeguard the status and interests of the ruling and possessing classes. In turning now to the consideration of militarism and navalism as factors in the foreign policy of such a State, I must again repeat the warning against the disposition to exaggerate the consciously purposive character of the economic motives. In dealing, for example, with the Imperialism of our own or another State, we need not take that purely cynical view of the relations between the missionary, the soldier, the ruler and the trader which represents the three former as the conscious or unconscious tools of the last. Although, as we recognize, the more humane and disinterested motives are often used as masks by the more selfish motives of business men or rulers, this does not dispose of them as contributory and modifying influences in the operations. Nor is it wise to treat the "masking" process itself as a mere example of hypocrisy. In some cases it is as unconscious and instinctive as the protective devices

by which many species of animals or vegetables take advantage of the colouring or other serviceable features of their immediate environment to conceal them against enemies, or to enable them to approach their prey undetected. Nor, in distinguishing the two main directive motives, power and property, which really dominate the external policy of States, need we regard the statesmen and officials who directly represent "power" as either catspaws or conscious confederates of the trading and financial interests which stand for "property." On the contrary, in dealing with extensions of national territory, it may generally be assumed that the conception of national greatness in terms of area and population has a conscious and genuine appeal to the sentiments not only of statesmen but of peoples, and that that appeal is by no means devoid of finer and humaner feelings.

Successful conquest brings kudos to politicians and generals and feeds the sentiment of power in the general body of the nation. But with this lust for power and acquisition mingle other motives, half real, half feigned—the anxiety to defend existing frontiers, to put down disorder, to punish wrong-doing, and in general to extend the area of civilized government. The ambitions of traders, concession-hunters and financiers are not wholly hidden from the statesmen and officials who carry out the policy. Sometimes the coalition of business and politics may be very close, as for example in the Jameson Raid. But the volume of popular support for such a policy is commonly free from any conscious economic motive. It is also sentimentalized by the politicians and the business men who are directing it, and who require "the great heart of the people" to respond to their

appeal. I need not do more than allude to the devices commonly adopted to win the volume of popular support. It need not be a fabricated device, it may be a real incident seized and utilized to inflame passions. "Women and children in danger," an insult to the flag, the murder of a missionary, some stoppage of a right of way, have served the purpose. The sentiment aroused is not confined to a demand for protection, redress and punishment. The people who do such things are not fit to govern themselves; it is the right, nay the bounden duty, of a civilized State to take them under its tutelage and to teach them better! And who so fit to perform this task as we, with our "genius for government," our superior kultur, our experience in the management of backward peoples? So argues, so feels, each of the imperially minded peoples. There is no reason to deny the genuineness or the intensity of these feelings. But it is quite evident that the part they play in determining the concrete steps that constitute Imperialism is almost negligible. They are needed and utilized to give the moral and material support which empire-makers require. Now, empire-makers are mainly motivated by the will to power. They seek power for themselves or for their country, or for both. This brings us a step nearer to the really vital point, that of discovering the relation of definitely economic motives to other motives primarily political in the processes of Imperialism. We have already accepted as a working hypothesis the statement that the will to power is the central operative motive in actual politics, especially in foreign policy. Further, we have recognized that the chief instrument by which men realize the will to power in modern times is surplus property, that is,

the property which they can get over and above what is required to satisfy the will to live in its narrower significance. We shall, therefore, expect to find capitalism, which breeds this surplus, playing an ever larger part in Imperialism and foreign policy. This should be especially apparent in States where industry and commerce are most advanced or are most rapidly advancing. For in these States the ruling classes are most permeated by the modern spirit of economic enterprise and most apt to use all powers of government for the furtherance of directly economic ends. But even here we should be careful to make due allowance for the survival of powerful non-economic motives in foreign policy.

It is when we concentrate upon that large and critical section of foreign policy which expresses the conflicting aims and ambitions of powerful modern States, with growing populations and growing commercial and financial intercourse with the Governments and peoples of foreign countries, that we realize the inherent soundness of the economic interpretation. For in the relations of the modern States, both with one another and with the less developed countries, we find that the differences and difficulties which ripen into quarrels are more and more concerned with matters of trade, finance and economic exploitation. Now, it is important clearly to understand why this is the case. For the general principles of commercial and financial intercourse do not furnish an explanation. They present the picture of an ever-widening process of mutually gainful co-operation by which the peoples of different countries share their national advantages of natural resources, skill and industry with one another, and work together for ends which, though directly selfish

and competitive, are harmonized in the wider economic scheme. In order to understand how economic divergences of interests arise, strong enough and persistent enough to motive militarism and to sow the seeds of wars, we require to explore a little closely the nature of the economic oppositions which find vent in foreign policy.

The two chief modes or policies in which this economic opposition between States is expressed, Protection, the refusal of free entrance to home markets, and Imperialism, the forcible acquisition of foreign markets, concessions, areas of development and government, seem at first sight to contravene the first principles of economic utility. In the simple logic of free exchange and of the co-operation based on it, political barriers are merely irrelevant. If it is materially gainful for two persons, A and B, to exchange with one another certain kinds of goods in making which each possesses some advantage of soil, position, skill or other opportunity, what can it matter whether A and B live under the same Government or under different Governments? Or again, if A and B, living under different Governments, find it better to exchange their surplus goods with C, D, or any other person living under another Government, what possible advantage can there be in any of these Governments interfering so as to enable or compel their subject to exchange his goods with one foreigner rather than another? Or, finally, if A and B have both made savings and want to lend them for interest or profit to C or D in other countries, in order to get gain by developing these countries, what interest or business can A's or B's Government have in trying to bring pressure upon C to borrow from A rather than B, or B rather than

A? According to economic logic any such governmental interference in any of these cases is injurious, not merely to the world-community to which A, B, C and D all belong, but also to the narrower political group or nation whose Government interferes. It cannot, it appears, really be to the advantage of A's nation for A's Government to coerce him into selling to or buying from E, because E is a member of A's nation, rather than from C, a foreigner, by dealing with whom A can get a greater gain. Though E may gain from the act of coercion, A will lose, and A's loss will in normal circumstances be greater than E's gain, so that the group to which A and E belong will be poorer, apart from the trouble and expense involved in the act of interference.

What, then, is the reason why States have refused to found their policy of commerce upon this convincing logic? Why do most of the dangerous disputes between modern Governments rest upon the assumption that they can increase the aggregate wealth or property of their respective nations by forcible interferences with the flow of trade and of capital?

Are Protection and economic Imperialism merely belated survivals of an antiquated statecraft based upon erroneous notions of the functions of a State (a) in regulating the use of the natural and human resources of a country for industry and commerce so as to make it strong for competition with other countries, (b) in treating colonies or other overseas possessions as estates to be worked for the industrial, commercial and financial gain of the colonizing country? This mercantilist theory, which came into prominence as the economic policy of nationalism as soon as central national government was firmly

established in this country, was the guiding principle in our policy during the sixteenth, seventeenth and eighteenth centuries. Though the American Revolution struck a mortal blow at mercantile colonization, while the Free Trade policy of Peel and Cobden seemed to make a final renunciation of State regulation of external trade, mercantilism has never been completely extirpated from our theory of government, or even from our practices. The recent Protectionist campaign shows what strong roots the notion of this isolated or self-sufficient economic State still retains in the general mind, together with the conviction that State policy can advantageously be applied to safeguard the interests of our people against the conflicting interests of other peoples. A recrudescence of mercantile colonization was seen in the order of the Colonial Office in 1916 placing a prohibitive export duty upon palm kernels exported to any other country than Great Britain and her Empire. The formal adoption (in 1919) of Imperial Protection in all imports falling within the existing Customs Duties is a still more striking reversion to the older economic system.

That modern Continental States have clung to and extended the doctrines of mercantilism is, of course, notorious. All the Great Powers are Protectionist in their home fiscal policy : all, with the exception of Germany, have practised in various measures the mercantile or "estate" view of colonies. Moreover, the new Powers are at once impregnated with the same policies. The United States and Japan, together with our own self-governing Dominions, have been essentially mercantilist in their fiscal and colonial practices.

Disregarding altogether the plain logic and utility

of free exchange, all declared for a State which, by regulations and restraints in commerce, can increase the prosperity of its people and secure for them their "proper" share of the trade and profitable exploitation of the earth in competition with the people of other States. Protectionism and colonialism thus have held the field in world politics. And, what is more, historians and economic theorists commonly ascribe the rise and success of Britain's commercial prosperity to these practices. It is hardly too much to say that this grotesque misreading of British history by the educated German public has been a necessary factor in the making of this world-war. Here is the judgment of so learned and so moderate-minded a man as Schmoller :—

England reached the summit of its commercial prosperity by means of its tariffs and naval wars, frequently with extraordinary violence and always with the most tenacious national selfishness.

I append the comment of Mr. Conrad Gill¹ upon this extraordinary judgment :—

So we are asked to believe that the work of Boulton and Watt and Wedgwood, the invention of the mule and the power-loom, the extending of credit and banking, the accumulation of capital and the growth of joint-stock enterprise, the establishment of factories, the construction of roads, canals and railways, the improvement of agriculture, and all else that is implied in the Industrial Revolution—that all this was due, not to the enterprise of inventors and organizers, but primarily to policy, to a tariff, one of the most absurd and onerous ever known, and to success in warfare.

But, if it be so easily demonstrable that Protectionism and economic Imperialism are based upon

¹ "National Power and Prosperity" (Fisher Unwin), p. 28. Mr. Gill's volume is a most timely and incisive inquiry into the nature of mercantilism and its survivals in modern policy.

complete misconceptions of the nature of commerce and of what a State can do by the use of its power to increase the prosperity of its subjects, it yet remains to explain why these misconceptions retain their places in statecraft, and why fairly reasonable and intelligent statesmen continue to apply them in policy.

The explanation lies in the opposition between the interests of certain classes within each nation and the welfare of the nation as a whole, and in the ability of these classes to impose their private interests upon the statecraft of their country. Protection is a bad policy for a nation. It diminishes its total output of wealth, distributes it unfairly, imposes a secret, onerous and wasteful method of taxation, breeds political corruption, establishes monopolies, and provokes ill-will and quarrels with other nations. But it is a good policy for capitalists in certain well organized industries, who by their political pressure can mould a tariff that enables them to raise their prices and increase their profits at the expense of weaker industries and the consuming public. A part of the illicit profits which it yields can be applied to maintaining and enforcing the political pull and to spreading a propaganda representing Protection as a sound national and imperial policy. The ill-will which tariffs beget in surrounding nations and the reprisals they evoke go to feed the delusion that trade is fundamentally a form of competition, not of co-operation, and that nations are economic rivals. The diplomatic and sometimes the military conflicts which ensue from tariff wars confirm this delusion. So Protection passes from the position of an unscrupulous scheme of class plunder into that of a patriotic public policy. Finally, given favouring

circumstances, it can be riveted upon the State as a political and military necessity. For States which stop the natural channels of trade with neighbours, cripple their development, "steal" their markets and otherwise inflict economic injuries, live in fear lest the injured interests in these neighbour States may be strong enough to coerce their Governments into forcible intervention. Given a group of powerful States, each controlled in its fiscal and its foreign policy by strong business interests, it is easy to perceive that a generally dangerous situation emerges. Each State, considering the possibility of invasion on the part of a foreign Power or group of Powers, must look not merely to its forcible but to its economic defences. So a "national economy" of industrial, agricultural and commercial self-sufficiency assumes the guise of a vital policy, and permanent Protectionism is established as its chief instrument. Under these conditions Protection becomes an essential feature of national defence, an economic militarism.

II

But the fuller nature of this conspiracy of vested interests against the Commonwealth is seen in the economic interpretation of Imperialism. Just as Protection originates in the desire of certain strong capitalistic industries to increase their private profits at the expense of the community by securing a monopoly of the home markets, so Imperialism originates in a desire of the same business interests to extend their gains by bringing under their national flag new territorial areas for profitable commerce and investment. They are under a powerful economic pressure to fasten on their Government this pushful foreign

policy. For the large profits and high incomes drawn by the capitalistic and organizing classes in the great staple branches of industry and commerce involve a restriction of the home market and a consequent inability to find profitable employment for their large accumulations of savings. Where the product of industry and commerce is so divided that wages are low while profits, interest, rent are relatively high, the small purchasing power of the masses sets a limit on the home market for most staple commodities. For a comparatively small proportion of the well-to-do incomes, into which profits, interests, rents enter, is expended in demand for such commodities. The staple manufactures, therefore, working with modern mechanical methods that continually increase the pace of output, are in every country compelled to look more and more to export trade, and to hustle and compete for markets in the backward countries of the world. So long as Britain was the workshop of the world, the full significance of this commercial competition did not appear. The world-market seemed to the Lancashire and Birmingham exporters of the early nineteenth century illimitable. But the last quarter of the nineteenth century marked a rapid change. New nations had entered the career of industrial and commercial capitalism, were invading the export markets of which we held possession, and were opening up or competing with one another for new markets. In each nation the home market had been found inadequate to take off the growing output, so that foreign outlets must be found or forced. Now, there is nothing in the general theory of trade to explain the situation which then emerged. Since all commerce is eventually exchange of goods against goods,

markets ought to be expansible as the wants of man. But just as the manufacturers and traders of each nation found their home markets limited, so they found the world-market also limited in the rate and pace of its expansion. In other words, the maximum output of the mines, mills and workshops in Britain, Germany, Belgium, France, the United States, etc., appeared to exceed not merely the demand of the home markets, but of the immediately available and profitable world-market. Nor is it really surprising that this should be so. For just as the home market was restricted by a distribution of wealth which left the mass of the people with inadequate power to purchase and consume, while the minority who had the purchasing power either wanted to use it in other ways, or to save it and apply it to an increased production which still further congested the home markets, so likewise with the world-market. The profits of the foreign trade and of the foreign industries which it sustained were distributed so unequally, and the gains to the masses of the peoples in the newly developed countries were relatively so small, that the same incapacity to purchase for consumption the whole volume of exported goods competing for sale was exhibited.

Closely linked with this practical restriction of the expansion of markets for goods is the restriction of profitable fields of investment. The restriction of home markets implies a corresponding restriction in the investment of fresh capital in the trades supplying these markets. This restriction of investment is not wholly removed if, as we see, the expansion of foreign markets for these purposes is also limited. So it is reasonable to expect that the demand for new capital for investment at home will absorb a

smaller and smaller proportion of the whole volume of new capital which the wealthy saving classes will bring into existence. Putting the case concretely, only a limited proportion of the savings made by the capitalists in the textile trades of this country can be profitably absorbed in normal times in putting up more textile plant, either for supplying the home market or for world trade. And what is true of textiles will be true of a large proportion of the savings made from trade and industry. An increasing proportion of such savings must seek other investments. Now, it is not necessary here to discuss the delicate economic issue, whether it can rightly be maintained that there is any rigid limit to the quantity of new capital which can be absorbed in a modern country with all sorts of growing and potential wants and with indefinitely large improvements in the structure of industry. It is sufficient for our argument to affirm that, in fact, a growing tendency for new capital to seek and find more lucrative employment overseas has been exhibited. The financial and investing classes of every developed industrial nation have within the last generation been sending an increasing proportion of their ever-growing savings into backward countries. Now, though the work remaining to be done by capital in developing the resources of the world is practically infinite, at any given time the quantity of reasonably safe and profitable openings is limited. Thus there emerges the same pressure upon available opportunities for foreign investment that appears in the case of foreign trade. The supply of competing capital from different investing countries has shown the same tendency to exceed the effective demand as in the case of ordinary foreign trade.

Indeed, so far as appearances go, there is nothing to distinguish the investment of capital abroad from ordinary export trade. For every loan, whether to a foreign monarch for his private extravagances, to a Government to enable it to buy warships or to make harbours, to a syndicate for railroad purposes, or to an industrial company in order to set up steel mills or textile factories, must take the form of an order for goods of some sort which are at the disposal of the investor, and which ordinarily consist of goods made in the country where the investor lives and does his business. If English investors find money for a new railway in the Argentine or Brazil, that investment acts as a demand for English goods which, as they pass out of this country, rank as so much export trade. This is quite obvious when, as is common in French and German foreign contracts, it is made a condition that the foreign railway, or other company, shall take out the whole or a large part of the loan in French or German rails, engines or other stores. But, though less obvious, it is equally true when no such condition is made. If the money which English investors supply to an Argentine railway is directly expended in purchasing American rails and engines, the monetary operation stimulates the Americans or some other foreigners to buy English goods which otherwise they would not have bought. In other words, an investment of English capital abroad is in substance nothing else than an order for English goods, which must go out either to the borrowing country, or to some other with which it has commercial dealings, in fulfilment of the order. The subscription of English investors to some foreign loan or share-capital must eventually be made good in terms of English-made

goods : such, and such only, can be the real wealth "subscribed" as capital.

But the identity between export trade and foreign investment in the first instance does not affect the important distinction between the two processes in their subsequent career. The interest of the ordinary exporter in the country where he finds a market for his goods is limited to the consideration of the immediate gain he makes upon the goods he has sold and the hopes of further gains from future sales. This foreign market means something to him, and the good government and prosperity of the people in the foreign country are of some concern to him. If any serious trouble arises in the country which threatens to destroy his profitable market, or if some other Government tries to bring pressure to get away his market for their traders, he will try to get his Government to protect his interests. So the interests of groups of traders have played a considerable and a growing part in foreign policy, and the desire to acquire, preserve and improve foreign markets, especially in backward and ill-governed countries, has been a distinct and powerful motive in Imperialism. But after all, the stake which traders have in a foreign market is not nearly so great as that of investors. If traders fail to sell their wares in one market they can sell them, though perhaps less advantageously, in another. It is different for those who have invested their capital in a foreign country. They are in effect the owners of a portion of that country, they have a lien upon its railways, its land, plant, buildings, mines or other immovable property. Their stake is a fixed and lasting one ; it is bound up with the general prosperity or failure of the country. Their economic

interest in that foreign country may be as great as or greater than in their own, and what happens for good or evil in that country may be more important to them than anything likely to happen in their own. If, therefore, any action of their Government, any stroke of foreign policy, can improve the security of that distant country, it improves their security, and even if a threat of war or an act of war is needed to obtain that object, what matter? The nation pays the cost with its lives and its money, the investor and the financier reap the gain. The saying of a British statesman in a moment of illumination during the early stage of our absorption of Egypt, "The trail of finance is over it all," is applicable to most modern instances of Imperialism. Not only is the stake of the financier and the investor greater than that of the mere trader, but his power to influence the foreign policy of his Government is usually stronger. It is more concentrated, wielded more skilfully, and is more direct in its action.

The enormous recent growth of foreign investments among the well-to-do means that when any foreign country comes into the purview of our national policy, there are men in our governing classes whose personal fortunes are affected for good or evil by its handling. This dominating and directing influence of investments in our imperial and foreign policy is well illustrated in the events culminating in the Boer War and the annexation of the two Boer Republics. I know no instance in which the dominant drive of economic interests was more manifest. The powerful desire and intention of the vigorous and pushful business men upon the Rand to strengthen their hold upon the gold reef, so as to secure for themselves its profitable output and

to escape the taxation, blackmailing and other obstructive duties of a foolish and incompetent Government, were beyond all question the dominant forces in the policy that was formulated. This statement, however, must be harmonized with the equally true statement that neither the British people, nor the British Government, nor the vast majority of British South Africans were motivated mainly, or at all consciously, by any such economic motive. The chief agents of this policy, Chamberlain, Rhodes and Lord Milner, were, so far as history shows, actuated mainly by political motives in which the idea of imperial expansion doubtless coalesced with the sense of personal ambition, but in which distinctively economic gains either for themselves or for others played no determinant part. In the case of Chamberlain and Lord Milner the absence of economic motive is indisputable. They worked to precipitate a struggle which should bring about the downfall and the annexation of the Republics, because they wished to secure a federation of South African States under the British Flag as a step desirable in itself and still more as a contribution towards the larger ideal of Imperial Federation which Chamberlain had espoused as the goal of his colonial policy. The case of Rhodes was different. His economic interests were identified with those of the other business men upon the Rand, and the subtle bonds between property and personal power must be held to have exercised a powerful influence upon his policy. But even here there is no reason to doubt the genuineness of his passion for imperial expansion as a desirable end, or the enthusiasm expressed in his phrase "The North is my idea."

The great volume of popular feeling, both in

South Africa and in this country, which favoured forcible interference with the two Republics, was almost wholly free from conscious economic bias. The demand for the franchise and the whole tale of Outlanders' grievances were based upon political and humanitarian sentiment. The alleged maltreatment of British subjects was fortified by the barbarity of the native policy in the Republics and driven home by the fable of the great Boer conspiracy to "drive the British into the sea." Justice, humanity, prestige, expansion, political ambition, all conspired to dwarf the significance of the business motive. But persistence, point, direction and intelligible aim belonged to the latter. The financiers of De Beers, the Rand and the Chartered Company, are, therefore, rightly recognized as "engineering" the policy which brought war and conquest. No doubt they could not have succeeded in getting what they wanted, viz. improved security for present and prospective investments, had it not been for the personal ambition of a British statesman and the political and humanitarian sentiments behind him. But these non-economic motives were a fund of loose, ill-directed energy for them to utilize. Nor were the methods of doing this obscure. They needed to control the British Press and politics of South Africa. It was not difficult for the owners or managers of the sole sources of wealth in such a country to compass this. They financed the Press and they were the politicians. From South Africa they operated upon public opinion in Great Britain. Society and its political support were purchased by directorates and well-planted blocks of shares. When the appointed time came to force upon public opinion and national policy the mine-owners' policy,

agents of the Rand financiers "saw" the politicians and editors of both parties, organized a missionary campaign among the Churches to expose the cruel treatment of the Kaffirs, and through their command of the cables and the Press of South Africa poured "Outlander atrocities" and "Dutch conspiracy" into the innocent mind of the British public. When the issue of war was trembling in the balance, the widespread ownership of mining shares in hundreds of influential local circles all over the country secretly assisted to mobilize public opinion in favour of determined action. Though the diplomacy which precipitated war was conducted by politicians, the policy it developed and enforced was designed, directed, and prepared in detail by business men in South Africa and London. While the Prime Minister declared quite veraciously, so far as he and the bulk of the British nation were concerned, "We seek no gold fields, we seek no territory," the war policy was imposed on him by those who sought those very objects.

This classic modern instance of Imperialism presents in clearest outline the relation between economic and non-economic factors in foreign policy. It was only exceptional in the directly conscious nature of its "engineering." In most instances the cloak of patriotism is worn more skilfully, and the blend of business interests with racial or nationalist sentiment, with historic memories and claims, with considerations of frontier defence, balance of power, and the fears, suspicions and enmities that relate thereto, is more baffling to analysis.

Moreover, foreign policy and the relation between States involved therein must not be envisaged merely in terms of opposition and of conflict. There is in

the modern widening of human intercourse a large and various growth of common interests and activities among men of different nations which for certain purposes requires and evokes the friendly co-operation of States and calls into being genuinely international institutions. Much of the inter-State apparatus of intercourse, of which the Inter-postal Union may be cited as a leading instance, is so manifestly beneficial to all parties that any slight differences of interest which may arise in ordinary times are easily adjusted. So obviously serviceable is this network of peaceful co-operation between members of different political communities that it has operated to cloak the real dangers of the situation. Economic cosmopolitanism in trade and finance, with the inter-State arrangements to which I have referred, has appeared to give such powerful and such growing guarantees of peace that pacifists have been accustomed to denounce as obsolete mediævalism the statecraft which eyes other States with enmity or with suspicion, and which seeks national security in armed preparations. This pacifist illusion was based upon a belief that in modern civilized States the art of government was so conducted in really critical issues as the express the will and serve the interests of the peoples. It ought not, however, to have needed this war to dispel that illusion. Neither the economic nor the human solidarity of interests between men of different nations avails to keep the peace, if powerful business groups within these nations, with a grasp upon their governmental policy, find their interests in collision. We have already seen how modern capitalism has generated these group antagonisms of business interests in modern industrial nations, driving them to force on their respective Governments related policies of

Protectionism and Imperialism which require the permanent support of militarism and navalism and the occasional recourse to war. The cosmopolitanism which is a growing characteristic of the modern business world is crossed and reversed by business antagonisms masquerading as "national" whenever these group forces find it profitable to control and use their respective Governments. The competing Imperialism of the last forty years has been quite manifestly directed by this *motif*. It has been a struggle for markets, loans, concessions, and opportunities for profitable exploitation in weak or backward countries, in which the Governments of the Great Powers have schemed and fought in connivance with, or at the behest of, strong business organizations. We have cited the instance of the Transvaal. But a brief general survey of the chief danger-areas in recent world-politics is required to drive the lesson home.

What were these areas of international disturbances and imperialist ambitions? Egypt, Congo, Morocco, Transvaal, Persia, Tripoli, China, Mexico, Anatolia and Mesopotamia, the Balkans. With wide variety of circumstances, the essential story is the same. Trading and financial interests play upon political fears and desires, in order to gain their profitable ends. Where finance wins predominance as the economic motive, this manipulation of political motives and actions becomes more and more the clue to international entanglements. It is true that in some instances political motives have an independent origin. Where it happens that in the co-operation of "imperialist" policy and economic exploitation each "uses" the other, the financier recognizes the advantages of keeping in the back-

ground. This was even the case in Egypt. Though Lord Cromer's opening sentence in his "Modern Egypt" announces that "The origin of the Egyptian question in its modern phase was financial," and the story of the English and French creditors pressing their Governments to foreclose upon the property has been attested by convincing testimony, most Britons prefer to accept the purely political interpretation of the episode. Even Mr. Hartley Withers, ignoring the actual evidence of the financial pressure on the Ministry, and the doctrine of the obligation of the Government to safeguard the life and property of British subjects in foreign parts established by the famous instance of *Don Pacifico*, assigns the efficient causation to diplomacy, not to finance. Now, it is true, as he urges,¹ that the position of Egypt on the route to India made it appear important to our statesmen that our Government should have a hold upon the country. But when Mr. Withers suggests that, alike in purchasing shares in the Suez Canal and in using the claims of English bondholders as an excuse for establishing its power in Egypt, English diplomacy was using finance, instead of being used by it, he ignores the plain fact that the political motive in each instance lay dormant until it was stimulated into activity by the more energetic and constructive policy of the financier.

It is doubtless true that finance is not equally capable of utilizing diplomacy under all circumstances. "If Egypt had been Brazil," says Mr. Withers, "it is not very likely that the British Fleet would have shelled Rio de Janeiro." But this instance, cited to show that the motive force in the Egyptian episode was not financial, shows

¹ "International Finance," pp. 98-102.

the opposite. For it provides the "exception" that "proves the rule." The reason why Rio de Janeiro would not have been shelled is found in the Monroe Doctrine and the strength of the United States. In other words, the financial game of politics can only be played out in ill-defended countries. A recent American writer has well expressed the economic and political conditions which conspire to make a country a bone of political contention :—

It is essential to remember that what turns a territory into a diplomatic problem is the combination of natural resources, cheap labour markets, defencelessness, corrupt and inefficient government.¹

Apply these conditions to each of the above-named areas of trouble, and you will find that they fit the situation. Financial and commercial policy take different shapes in different cases.

Sometimes the initial wedge of financial interest consists in feeding the extravagances of a spendthrift monarch, as in Egypt and Morocco, or in pressing loans upon a backward country for undefined work of "development," which often includes expenditure on armaments. Such have been the early dealings with Turkey and with certain South American States. But generally there has existed, even at the outset, a more concrete business object, the development of railroads or of mining resources, the working of rubber plantations, oil wells, or some other rich, natural source of wealth. When mere trade has given an initial impulse, the organization of labour within the country, for working and collecting and marketing the trade-objects, ivory, rubber, etc., has soon taken

¹ Mr. Walter Lippmann, "The Stakes of Diplomacy," p. 93.

command of the situation, as on the Amazon, in Congo, and in Angola. So practical Imperialism has commonly worked out in a system of servile and forced labour imposed by white superintendents for the advantage of financiers and shareholders in London, Paris, Berlin or Brussels. Although political ambitions and rivalries figure most prominently, the real contentions have usually been between two or more groups of business men in different nations, pulling diplomatic strings in favour of the special concessions which they seek in one of these undeveloped areas. As more Western nations have felt the need for outside markets in which to buy and sell and to invest their surplus wealth, these financial pressures upon foreign policy have been more urgent and the controversies which they have stirred up more acute. While foreign and colonial ministers have been in the habit of parading political exigencies and patriotic sentiments in favour of their special foreign policy, the patient forces in the background, moulding that policy, become in every decade more definitely financial. Now, if, as is sometimes pretended, the finance were genuinely international or cosmopolitan, instead of exciting it might allay the friction between Governments. There have been moments and occasions when the financial arrangements between business groups in different countries have been a pacific force. This was the case at one time in regard to Morocco, when a combine of the Mannesmann and Creusot interests for the common exploitation of the iron ore of that country seemed on the point of bringing the German and French Governments into a harmonious arrangement. A similar harmony between opposed financial interests of traders and bankers was brought about in Persia

when the British and Russian Governments divided up the country into separate spheres of exploitation. But of course there are two defects in such economic settlements, regarded from the standpoint of political adjustments. They have commonly been confined to two or three national interests and have frozen out the trading or financial interests of some other Powers, as was the case with German interests in Persia. Moreover, these arrangements, forced upon the Government and people of the backward State, have little permanence or security, and are likely to lead to further intrigues on the part of the "vultures," each hungry for a larger share of the prey, and likely to endeavour to stir up internal disturbances as a means of finding satisfaction for its ever-growing appetite.

The story of the various measures taken by financial groups in various countries, with the active support of their respective Foreign Offices, to promote the financial penetration of China, is the crucial example of the interplay of foreign policy and finance. The full history of the fluctuating policy of the Powers in their treatment of China, now moving towards partition into separate spheres of influence and exploitation, now reverting to "the open door," the changing combinations of Government-assisted groups in the leading countries, and the attempt of outside financial adventurers to break the ring, will perhaps never emerge from its underground passages into the clear light of day. But enough has come out in official documents, Parliament and the Press, to enable us to construct with a fair amount of certitude the main instructive outlines of the episode.

In China, as elsewhere, war sowed the seeds of a monetary embarrassment, of which money-lenders

were to reap a rich harvest. In 1894 China, in difficulties to find the war-indemnity imposed by Japan, was driven to negotiate a 7 per cent. loan through the Hong-Kong and Shanghai Bank. Next year a combination of two French banks issued a China loan. In 1896 an alliance between the Hong-Kong and the Deutsch-Asiatische Bank, which lasted through the next sixteen years, laid a solid basis of international political pressure, leading to the floating of a number of Chinese Government loans, on terms highly profitable to British and German financiers. The suppression of the Boxer trouble in 1899 by the joint forces of the Powers had two consequences. First, it left a large new indemnity, a fresh source of political-financial pressure for the several Powers. Secondly, it dissipated for some time the "partition" policy, which had revived with the territorial aggressions of Germany, Russia and Japan, and led, under the active pressure of America, to the formal adoption of "the open door" for commerce and financial enterprise. The British-German "consortium" held the field until 1911, when, largely as a result of diplomatic pressure, French and American banking groups were brought into the alliance, known henceforth as the Four-Power Group. The inclusion of America, not at that time a lending country and therefore suspected of political aims, brought about next year such pressure from the Russian and the Japanese Governments that it was necessary to admit their nominees, the Russo-Asiatic Bank and the Yokohama Specie Bank, into the arrangement, henceforth designated the Six-Power Group. Regarded as a financial arrangement, the addition of Russia and Japan brought no new strength. For, if they were to lend money, they must first borrow it, swelling the

costs with the profits of unnecessary middlemen, and utilizing this finance quite evidently for political purposes.

The motives of the Governments which promoted these financial arrangements were doubtless mixed. Two of them, Russia and Japan, were actuated primarily by considerations of territorial and political aggrandizement. The Governments of these countries expressly demanded that their "rights and special interests," i.e. in Manchuria, Mongolia, etc., should be recognized, and Germany, recently planted in Kiaochow, was doubtless animated by a desire to fasten a political as well as an industrial control over the province of Shantung. Great Britain, France, and America stood in the main for the territorial integrity and political independence of China and for an "open door." But even this statement requires qualification. For France more than once was pulled by her Russian alliance into favouring the assertion of special Russian interests in Mongolia, while Great Britain still retained some sort of special lien upon the exploitation of the Yang Tse Valley.

In the various pressures exerted by the Two, Four and Six-Power Groups upon the Chinese Government to borrow money in constantly increasing quantities, it is not possible to prove how far the initiative was taken by the financial groups, how far by the Foreign Offices. No doubt it seemed diplomatically desirable to entangle a Government like that of China with burdens of indebtedness which might at any time be utilized for political ends. But with the exception of the two Eastern Powers, the main drive of interests was admittedly economic, not political, and the foreign policy of their Governments must be regarded as having been moved and directed pri-

marily by finance. This judgment is powerfully corroborated by the extraordinary attitude taken by our Foreign Office upon the two occasions when other financial groups sought to enter the field and to furnish China with the money she required, upon terms which seemed desirable to the Chinese Government. The first case was that of an international syndicate of Russian, French, Belgian and English groups, of which the leading English body was the Eastern Bank, which endeavoured in 1912, unsuccessfully, to obtain the Foreign Office sanction for participating in any future loans arranged with the Chinese Government. The reasons given for the refusal by the Foreign Office deserve to be placed on record.

In regard to loans in China, it is impossible for the moment for His Majesty's Government to support negotiations for a loan which might conflict with the terms or weaken the security for the large loan for reorganization purposes which is at present being negotiated in Peking by the Four-Power combine, with the full knowledge of their respective Governments, and in regard to which advances have already been made to the Chinese Government by the banks interested, with the full approval of their Governments. I am to add that, as a matter of principle, His Majesty's Government would not feel justified in giving their support to any loan which did not, in their opinion, and in the opinion of the other Governments concerned, offer adequate guarantees for the proper and useful expenditure of the proceeds and satisfactory security for the payment of principal and interest.

Here, then, we have the admission of a private profiteering scheme of financiers of different countries, described as "a Four-Power combine," authorized and supported by their respective Governments, which undertake to secure for them a monopoly in loanmongering by refusing the assistance which any

other group would require in dealing with a foreign Government. Not merely do the Governments refuse "support" to competing financiers who are offering money to China upon better terms than the authorized groups; they actually oppose and obstruct such healthy competition. Of this we may cite two illustrations. The first is the stoppage of a loan of two millions arranged by a Belgian syndicate for the construction of a Chinese railway. This was stopped by the veto of the French Government upon a quotation on the Bourse, the explanation being "French obligations to the other five Powers." In other words, Belgium was outside the Government authorized ring. The second more famous example was the treatment by our Foreign Office of the Crisp loan, a loan of ten millions organized in London by a powerful syndicate of banks. When Mr. Crisp, disregarding the representations of our Foreign Office to the effect that "His Majesty's Government did not consider that China was free to borrow outside the consortium until the repayment of the advances made by the latter had been duly provided for," proceeded to carry his arrangements to a conclusion, Sir Edward Grey telegraphed to our Pekin Minister :—

I am in communication with them (the Crisp Syndicate) with the view to stopping the execution of the agreement, if possible. Should I fail in that, it will become necessary to deal with the matter by direct communication with the Chinese Government.

Mr. Gregory, of the Foreign Office, informed Mr. Crisp that "they could put considerable pressure on the Chinese Government, and would not hesitate to do so at once." A little later on we find our Foreign

Office telegraphing to our Peking Minister that if the Chinese Government does sanction the Crisp loan "His Majesty's Government will be obliged to take the most serious view of such proceedings."

You are aware that we are disposed to show every consideration to the Chinese Government in facilitating their negotiations with the groups, but our attitude will have to be entirely reconsidered if the Chinese Government on their part defy us in a matter in which they know that we are pledged to act with the five other Powers.

But in considering this curious conspiracy between financial groups and Governments, it is well to draw attention to the concluding sentence in Sir Edward Grey's despatch, as quoted above. For it asserts the extraordinary doctrine that when private financiers arrange a loan with a foreign Government, the State of which these financiers are nationals not merely shall see that the guarantees for repayment are adequate but shall supervise the expenditure of the money that is advanced. In other words, Stock Exchange financiers are not to be considered fit persons to take care of their own interests abroad, and foreign Governments are not fit to decide how the money which they borrow may be used. It is very difficult to understand how far this interfering policy is actuated by political and how far by financial considerations. On the evidence, it seems as if groups of financiers had leagued together to induce their Governments to bring united pressure on the Chinese Government to borrow larger sums of money than were wanted, while the Foreign Offices insisted on admitting into this financial participation Powers which, like Russia and Japan, had no money of their own to lend but had heavy

political axes to grind. Although the Foreign Offices of European Powers may have been actuated in part by the principle that it was best to act in concert so as to stop loans from individual groups which would be used to obtain political advantages for particular countries as against the general advantage of China itself, it is practically certain that business men ran this policy for all it was worth, seeing how it might be worked to secure for them a "cinch" upon this profitable lending. They were to find the money, their Government was to extort guarantees for the security of this money and, by stopping the competition of other groups, either in their own country or elsewhere, to obtain for them better terms than they could have got had the business been conducted on the principle of "the open door." *The Times*, in writing of the incident, described the Six-Power Group as the "financial agents" of their Governments. But it would probably be more consonant with the facts to describe the Governments as the "political agents" of the groups. One thing is tolerably clear, viz. that "the general advantage of China" played no real part in determining the action either of groups or Governments.

The financiers were after safe and profitable loans, the Governments were either after spheres of influence, as with Russia and Japan, or after preventing one another from pursuing a separate and exclusive policy of marking out areas of political and economic control.

This joint political-financial coercion of China for the time being broke down.¹ But as an episode in

¹ In 1919 it has been revived in the shape of a new Four-Power consortium between "authorized groups" in Britain, France,

foreign policy it is most illuminating. For it shows from a typical modern instance how the money power within each State is able to utilize a foreign policy, in which Governments are continually wobbling between conflicting "principles" of "spheres of influence" and "open door," for the purpose of promoting lucrative financial operations. For the business men of the Great Powers, China is a huge field of commercial and financial exploitation, and their respective Governments with their shifty policies are tools for its profitable working. During the war Japan utilized the great advantage of proximity, induced the United States to admit her "special interests" in China, and when the fog is once more cleared will be found to have played havoc with the "open door," forcing its exclusive pretensions, commercial and political, upon large areas which it had already marked down for absorption.

Such has been the common history of the processes by which countries, which had begun by being "areas of legitimate aspiration" to powerful business groups, pass along the diplomatically graded path towards "spheres of influence," protectorates or colonial possessions. No doubt it is true that when this takes place politics is "in it" on its own account, as well as business, but the active initiation and direction are generally exercised by the latter.

Japan and the United States. The members of the British groups are selected apparently by the Foreign Office acting on the advice of a director of the Hongkong and Shanghai Bank, the British representative on the governing body of the consortium. Messrs. Crisp and some other City houses formerly interested in Chinese finance are excluded, while other banks and financial houses which have never done this business are included. China is thus confronted by an international monopoly.

Even in those modern instances of French and Russian Imperialism, where political pride or distinctively territorial ambitious figure most prominently, the "dark forces" of finance have been constantly operative in the background.

Once more, I repeat, it is not a question of the volume of power but of its direction. Political and sentimental policy is more fluctuating and volatile than economic policy. The late Sir James Stephen truly said, "The world is made for hard practical men who know what they want and mean to get it." Though "practical" is not wholly synonymous with "business," the business world furnishes by far the largest scope for "hard practical" ability. Imperialism is the decorative title for the widest operation of this practical ability, and militarism and navalism are essential instruments for its profitable exercise.

CHAPTER V

POLITICAL AND INTELLECTUAL REACTIONISTS

BEGINNING our investigation of the processes of reaction with the inroads made by militarism upon civil rights and popular self-government, we seemed to discover that the State policy of which militarism was the instrument was mainly moulded and directed, not by considerations of the welfare of the people but by the interests and pressures of particular groups aiming to secure economic gains. This interest-ocracy within each State of landowners, capitalists, commercial profiteers and financiers, is impelled by its business aims to direct alike the internal and the external policy of its State in ways hostile to democracy upon the one hand, and to internationalism upon the other. Its need to control the home markets makes it protectionist: its need to defend the vested interests of impropriety obliges it to control the electorate, to man Parliament with its representatives, to give increasing power both legislative and administrative to a non-elected Cabinet, and to a strong secret upper-class bureaucracy, so as to defeat, direct, or annul in operation, any dangerous assaults made by the people through electoral or other organized pressure. This control of political and legal machinery requires the manipulation of moral and intel-

lectual forces so as to create a public opinion and habits of thought and sentiment favourable to it. Behind these controls, in order to establish confidence and to provide against emergencies, militarism is maintained, for the repression of social-economic disorder at home and for the forcible achievement of those business purposes which underlie a strong foreign policy. The very existence of this militarism, by stimulating the fears, suspicions and hostility of other States, similarly dominated and directed by their group-interests, appears to justify itself by helping to create a dangerous world in which strong martial force is a necessary precaution.

This formal analysis, with its emphasis upon the play of economic forces, is of course far too simple to contain the whole truth. This selfish businessman is neither clever enough nor unscrupulous enough to invent and arrange all the elaborate political, moral and intellectual apparatus of the reactionary alliance. Commercial men and financiers will always use politics in certain plain ways, to get State aids and favours dangled immediately before their noses, or to carry out some clearly conceived business plan which needs Foreign Office support. But to impute to them wide and intricate designs of controlling the State and mastering all the arts of public opinion for the defence or furtherance of business ends will seem to many an absurdly exaggerated charge. I make, however, no such charge. The coercive and reactionary alliance which has been so vividly displayed in the flare of war is not the result of any clearly concerted co-operation. It represents rather the instinctive drawing together of a number of separate influences by some mutual sympathy. Militarism is not merely the instrument of economic

power. It has its own direct sources of appeal to the fighting instincts of man and the accumulated prestige of the fighting career. Junkerdom in Prussia and elsewhere is quarrelsome by proclivity, and its predatory policy is not confined to the defence of its land values and the gains of a protective tariff upon agriculture. Similarly, the collective passion of Jingoism in a people, its mixture of anger and fear, is rooted in the herd-mind and does not proceed from lust for plunder. These natural fighting instincts seek satisfaction on their own account. But they generally get it in modern times by placing themselves at the service of impropriety. So it is with the other forces and instruments of reaction. Clear, conscious, purposive submission to the rule of economic potentates is very rare. The politician thinks primarily of his personal career and the success of his party, easily identifying these objects with the larger vague concepts of patriotism, popular welfare, the greatness of the Empire, etc. Politics for the ordinary working politician in this country, front-bench statesman, private member, local caucus man, is a curious compound of (1) loose general principles commonly couched in accepted party formulas, (2) concrete "causes," proposals or measures forming the current party platform, (3) tactics affecting the organization and the personnel of the party and dealing with issues of voting power in Parliament or in the electorate. In these overlapping spheres of "politics" he finds a personal career of interest and activity not consciously affected by any professional or business aims and influences connected with the sources of his private income. It is true that on any plane of politics it is well recognized that certain types of men are there for "what they can get out

of it," and that, when some particular issue is up of direct and vital interest to a particular trade or class of property, the personal stake will count heavily. But these are considered as flaws in a political system which normally works in a fairly disinterested way, at any rate in such a country as ours.

There is only one gainful occupation where personal advancement and professional interests are so closely interwoven with politics as to constitute a permanent and conscious economic bias. In this and most other countries the predominance in number and in power of lawyer-politicians has long been recognized as a grave danger. There is a general understanding that many of these men push their way into political prominence in order to get lucrative offices or professional business, and that they apply the practised arts of the hired partisan to the vitiation of wholesome debate. That legal skill is needed for the drafting and the criticism of legislative proposals is indubitable. But it is equally evident that the legal skill should be that of advisory counsel, not of advocates. The directly personal aims and ambitions of lawyer-politicians, and the unblushing effrontery with which as a body they have always opposed and obstructed measures likely to reduce the work and the emoluments of their profession, have long been an accepted commonplace of politics.¹ Indeed, so curiously constituted is the general mind that an old-established grievance ceases to be felt

¹ Reforms, both great and small, have always suffered from this cause. The long-due task of codification of our Common Law is perhaps the largest instance. The conspiracy of lawyers on both sides of the House to oppose any reduction in the number of judicial or other legal appointments, or any curtailment of the private business of law officers, is not less instructive.

and becomes more difficult of removal. An old abuse is respected as a vested interest.

But this open use of politics by lawyers for selfish professional ends is of far less importance than the indirect support they render to the defence of improperty. Not only the body but the spirit of the laws affecting property in this, as in most countries, has been made by the powerful propertied classes in their own interests, for the defence of the prevailing forms of economic inequality and oppression.

The land laws, the game laws, the rating laws, the laws relating to master and servant, creditor and debtor, bankruptcy, divorce, inheritance, banking, shipping, are consciously and purposely weighted in favour of specific forms of economic interest or status, while the whole administration of the law, particularly in its bearing on contested issues of property, operates for the success of the party with the longest purse. In the maintenance of these abuses and inequalities lawyers have a vested interest, and as legislators or outside politicians they can usually be relied upon to oppose all effective measures for redressing them. But not less important than this conscious rally to the interests of their profession and of their paymasters is the sympathy with the sentiments and opinions of the possessing classes which lawyers imbibe from a study of legal theory, itself moulded by class interests and prepossessions, and from a practice which has confirmed this bias. It is extremely difficult for an experienced lawyer to approach any issue of property from the human, social or equitable standpoint, or from any other standpoint than that of existing legal right. We therefore find many lawyers who would shrink from using politics for any conscious personal or pro-

fessional end, drawn by secret threads of intellectual and social sympathy into a purely conservative attitude in matters of property. This conservative bias in a class which plays so large a part in formulating and discussing legislative proposals, and which furnishes sometimes a majority, always at least a large minority, of the members of the legislative assemblies, is one of the most potent factors in the confederacy of reaction. The fact that lawyer-politicians, motivated in part by obvious professional ends, in part by personal sympathies, distribute themselves fairly evenly between the strong parties in each State, and sometimes even furnish leaders in mild attacks on property, does not affect the validity of this analysis of political professionalism. The net result of their activities is to block reforms.

The attitude and policy of representatives of great specific business interests in Parliament are less consciously and consistently addicted to the general defence of property. The House of Commons is largely composed of men who are directors of banks, insurance companies, railways, breweries, mines, shipbuilding and shipping companies, engineering and other manufacturing or commercial enterprises, which are vitally affected by particular proposals of legislation or finance that come up in Parliament. When any question emerges for discussion, relating, say, to banks, breweries or railways, directors of such companies are usually expected to defend their private business interests, irrespective of the side of the House on which they sit or of the attitude which may be taken by their party leaders. Their purely *ex parte* statements and arguments are often gravely treated as authoritative and impartial pro-

nouncements by qualified and impartial experts, and commonly prevail. I doubt, indeed (so deceitful is the mind of man), whether the shareholder who rises in the House to argue on behalf of his dividends has the slightest feeling that he may possibly be preferring his own interests to those of his constituents or his country. In entering Parliament these men have commonly conceived themselves as actuated by public spirit or party principle, tinctured perhaps (the franker of them would admit as much) by some sentiment of personal importance or social prestige, but with no sort of feeling that they are "on the job." Nor are they, in any strict sense of the term. When their business interests are assailed, they naturally rise to defend them. Why should they not? When any political proposal seems likely to promote the interests of their trade, their "trade patriotism" prompts them to give what aid they can. What is wrong in that? But these are not the purposes for which they are in Parliament! These plain opportunities for feathering their private nests are only occasional and incidental. They do not seriously disturb the complacent attitude adopted by these gentlemen, and accepted by the general public, that the Houses of Parliament consist of men who are devoting themselves in a disinterested way to the conduct of the affairs of the nation. This judgment appears to be confirmed by the divisions of business or of party interest which, when any issue arises affecting the profits of some particular business group, impel the members of some other business group to speak and vote in opposition. It is only the stronger interest or the closer organization of the group or trade whose gains are primarily affected, that usually enables

it to succeed in the defence or the improvement of its property.

The work of a Parliament has been so various, and much of it, in former times, so remotely related to any matter of industry or property, as easily to sustain the claim of disinterested public service on behalf of its members. In recent years, however, this assumption has become more difficult to maintain. This is due not so much to any increased pressure of particular business interests in the field of politics (though the conflicts round land and licences have enforced this aspect of the situation) as to a marked advance of general problems affecting industry, commerce and finance. What these problems are we have already seen. Inside Parliament, the revival of Protectionism by Mr. Chamberlain was followed by trade-union legislation, increased taxation of wealth, and a whole series of "socialistic" measures and proposals to secure insurance benefits, higher wages, better conditions of employment, access to the land and better housing, at the expense, directly or indirectly, of the employers and propertied classes. Outside Parliament were the rapidly growing trade-union, socialist and syndicalist movements, whose demands and methods of asserting them presented a challenge, not to this or that trade or interest, but to the whole social order as resting upon property. It was a growing perception of this situation which, as we saw, before the war, was welding the propertied classes, irrespective of the older party traditions, into something like a solid defence. It will rank as a curiosity of politics that this solidarity of property first manifested itself in a highly vocal hatred of Mr. Lloyd George. The situation after the war is beginning to bring funda-

mental issues of property into still sharper prominence, and the consciousness of the attack and the defence into far clearer recognition. For the experiences of the war, military and civil, were a forcing process in "real politics." It brought millions of workers and citizens in this and other lands to taste for the first time of the tree of knowledge of good and evil, i.e. to realize the truth about the structure of a society in which the whole fabric of material and moral civilization, involving the lives of countless millions of the common people, can be brought to ruin by the misguided will of tiny groups of men at governing centres over whom the common people have no control. If they pursue their study of the structure of their national society, they will come to understand how it is that the peoples are prevented from having any real control over these tiny groups of men. They will recognize that between them and their real governors there is a great gulf fixed, the gulf of impropriety, the power of the classes, which requires militarism, Protectionism, Imperialism, the absolute State and the politics of international antagonism.

This growing consciousness on both sides of the increasing part to be played by the struggle for and against existing property institutions and industrial control, is visibly affecting the structure of politics after the war. Regarded from the standpoint of a union of the forces of reaction—our immediate object of consideration—this may not make politics the plainly conscious class war which many Socialists have urged and desired. The propertied classes may not go into politics merely as selfish defenders of their own interests. They may contrive to conceal and to decorate their underlying and directing prin-

ciple with sentiments and policies of a disinterested or idealist character. Military conscription, in which the master-class, as officers, imposes discipline upon the working class as rank and file, may still appear to them as a salutary "national service" to which each class of citizens contributes its "proper" share. Compulsory arbitration for industrial disputes, in which the final judgment will rest with an official or a nominee of the distinctively capitalist State, may be defended as a necessary safeguard of social order. Protectionism may pose as the scientific conservation of national resources, a security of full employment for the workers and a defence against the invasion of our markets by foreigners. Imperialism is the extension of honest and efficient Government over the backward countries of the earth for the benefit of the weaker peoples. Even those processes of broadening the basis of taxation, by which the propertied classes will seek to shift the burden from their shoulders, contrive to appear as a wholesome education of the public in the responsibilities of government. This way of stating the case may seem to be an imputation of hypocrisy. But it is no such thing. It is merely the subconscious cunning by which the more selfish motives hide their operations behind more creditable and more generous motives which they find or fabricate. Politicians, philanthropists, intellectualists, moralists, and theologians are continually engaged in spinning theories and inventing formulas that are serviceable for this end. Biologists discover theories of the utility of a struggle between individuals and species as a mode of natural selection conducive to progress. Political philosophers build up theories of the absolutism of the State in its relation to other States or

to its subjects. Economists show how the current distribution of wealth proceeds by "laws" fixed in the nature of things, with which it will be mischievous for either legislation or proletarian organization to interfere. Moralists and philanthropists indicate reforms of personal character and habits of life as the only valid means of progress, and depreciate environmental changes as savouring of "materialism." Spiritual teachers have always reprobated class dissensions and the concentration of men's thoughts upon "the things of this world." Thinkers and moralists are, of course, not occupied for the most part in finding intellectual and spiritual defences for "the existing order." Nor do such fruits of theory as I cite form the staple of their thinking. Most thinkers are honestly employed in trying to discover facts and state laws in the department of inquiry in which they are engaged. Most social reformers are sincerely devoted to their "cause" and to the popular welfare which they believe it to serve. But the full admission of this disinterested conduct does not one whit impair the truth that all these modes of intellectual activity are actually exploited in the interests of the powerful ruling classes. In the world of thought and action an immense output of new thoughts, theories and experiments is continually taking place. These thoughts, theories and experiments continually press upon the general mind, competing for acceptance and support. A constant selection and rejection goes on. What determines which ideas are selected, adopted, elaborated and become orthodox, and which ideas fail? Not wholly, and not chiefly, their inherent truth or value. In all thoughts or actions calculated to affect vested interests of power

or property these interests exercise a rigorous selection. Ideas favourable to them receive recognition and flourish, ideas unfavourable wither and perish. No doubt, truth has what may be called an absolute survival value. Crushed once, it has a constant tendency to reappear and, waiting for a favourable opportunity, to win acceptance. But this economy of intellectual progress is greatly impaired by the biased process of selection.

Two instances, one from the province of political theory, one from economics, may serve for illustration. The theory of the absolute and forceful State, animated by a will for power, which constitutes the heart of "Prussianism," was adopted and propagated in Germany by the favourable selection and cultivation of one variety of philosophic dogma out of a welter of competing speculations. Though the idealist teaching of the first of the modern German philosophers, Kant, may have contained the hidden seeds of that romantic selfishness which on a larger collective scale was to yield the doctrine of an absolute State, Kant himself had no such conscious purpose. His thought, nourished on the one side by the scepticism of Hume, on the other by the stress of Protestantism upon the right of private judgment and the central significance of the individual will, envisaged man far less as the member of a State than as a unit of Humanity. In Kant, as in his great contemporary Goethe, the cosmopolitan spirit of culture was paramount. But, as soon as the urgent practical need arose for a stimulation of militant nationalism to throw off the Napoleonic yoke and to build a strong Teutonic State, Kantian idealism showed a great adaptability, through the interpretation of Fichte and others, to

the intellectual demand. Hegel, the subtlest and most enthusiastic of spiritual tools, soon succeeded in fastening the authority of the absolute State as the centre of the rational universe and the supreme director of human conduct. Romantic egoistic idealism, thus "writ large" in the Prussian State, gave a sanction of intellectual culture to the practical ambitions, projects and achievements of a powerful State. This State was in effect a moral as well as a political "absolute," owning no real obligations either of law or of humanity to other States. In all relations with other States these latter were merely instruments in the pursuance of its supreme purposes. The State was also "absolute" in its control over the lives, the wills, the property of its individual citizens, who, as social beings, were to find their perfect freedom only in voluntary submission to the will of the State. Such was the doctrine required by the makers of modern Germany. In order that the "intellectuals" who were to serve it up and impose it on the national mind might not appear to themselves merely abject instruments, some liberty in modifying and embroidering the hard outlines of the theory was permissible. But none the less it remains true that all attempts of other more liberal and humanitarian theories to dispute the dogma of State absolutism were suppressed in favour of an intellectual orthodoxy firmly planted in the seats of academic authority and supported by the official and intellectual world. How should it be otherwise? Where clear and important purposes animate the ruling and possessing classes, the competition of ideas in the world of thought can never be free: the selection, rejection and combination will always be directed to the furtherance, not of disinterested truth, but of

such "truths" as help those who control the State.

How clearly we see this exploitation of political theory in Germany. But is the process peculiarly German? Are not the same seeds of State absolutism visible both in the practice and the theory of other nations, and are they not nourished by a similar process of authoritative selection? There is nothing peculiarly German in the theory of the absolute State. The ancient doctrine found its most uncompromising modern revival in the "Leviathan" of the English philosopher Thomas Hobbes, and a century later a Frenchman, Rousseau, essayed to lay a democratic basis for the dogma by developing the idea of the supremacy of "the general will," an idea which Hegel skilfully perverted to the purposes of autocracy. But the demands of the actual situation in Britain and France were not equally favourable to a clear conception of an omnipotent and absolute State. The traditions and the needs of Britain have never favoured close theorizing upon the nature of the State or upon any political foundations, nor have the social and economic interests of the ruling classes hitherto supported the practical development of a strong, highly centralized State. English Liberalism, the dominant factor in the moulding of politics during recent generations, has thrown the stress upon individual liberty and private enterprise. Though French political conditions have been more favourable to a powerful centralized Government, the more severely practical character of the French and their republican institutions have not yielded a spirit of wholehearted and enthusiastic submission to the State as a commanding super-personality. But other countries enjoy no immunity

from the Prussian conception of the State. So far as international relations are concerned that conception has been little more than a somewhat rigorous formulation of the hitherto prevailing attitude of all powerful States towards one another.¹ The German repudiation of international law under the alleged pressure of necessity, though more naked in avowal, merely reflects the supremacy of State interests which has been the guiding principle in all diplomacy. This clearer consciousness and fuller theorizing of the situation among German statesmen and thinkers belong to the greater intellectual *naïveté* of a nation that believes in organized rather than free thought. As our thinkers reflect upon the actual position of their nation, in a dangerous world where no sanctioned government exists, they, too, come easily and quickly to yield the same intellectual and moral support to the concept of a State absolute in its claim upon its subjects and free from any ultimately binding obligations to other States. Every State which desires to formulate a final principle or criterion of conduct falls back upon its own self-interest. *Salus reipublicæ suprema lex*. The experience of war has sharpened our self-consciousness in this matter, and has brought into the foreground of thought and feeling ideas and emotions which formerly were clouded in an atmosphere of humanitarian sentimentalism. As soon as we seem to require the Prussian conception of the State, in order to assist our improved adoption of the Prussian practice, we also find our sociologists and philosophers ready to supply the need. Our neo-Hegelians in Oxford and elsewhere had not been remiss in adopting

¹ See Mr. G. Lowes Dickinson's "European Anarchy" (Allen & Unwin Ltd.) for a full and convincing exposition of this thesis.

and applying to the purposes of our nation and Empire the characteristic features of the German State theory,¹ and during the war their teaching, narrowly confined in its early appeal, has been spread broadcast in our universities, our churches and our patriotic Press.² It may not, indeed, be easy to engage the general mind of our people in the misty metaphysics of the State, but much is being done in our seats of learning and our popular Press to mobilize history, biology, civics and political economy in order to teach our people to "think imperially" and to submit to those changes in our political and industrial institutions which conduce towards a self-poised and self-centred imperial State.

The other example which I adduce to illustrate the process of artificial selection by which theories and formulas are made subservient to the needs and purposes of dominant classes in society is furnished by the development of the "classical" political economy in Great Britain.

The liberal analysis of industry and commerce presented by Adam Smith in his "Wealth of Nations" supplied the material for at least two very different principles of economic conduct. His exposition of the advantages of free competition and *laissez-faire* in directing industry and commerce into channels by which enlightened self-interest conduced to the maximum production of wealth and general well-

¹ See Mr. L. T. Hobhouse's "Democracy and Reaction" (Fisher Unwin).

² Here is the pure milk of Prussianism from the mouth of Professor Sir Henry Jones in a speech delivered, May 1916, at Bangor:—

"He claimed that the State had a right to compel, provided that it stood for its own welfare. *It owned us, we belonged to it. We derived the very substance of our soul from the organized community in which we lived and which we called the State.*"

being, afforded logical supports for the liberation of internal industry and foreign trade from the artificial hindrances of legal monopolies, trade conspiracies, labour combinations, the law of settlement, protective tariffs, and other restraints upon the free direction of industry and commerce by the capitalist class. On the other hand, his enunciation of the doctrine of labour as the source of value, his exposure of the parasitic part of the landlord and of "the mean rapacity, the monopolizing spirit of merchants and manufacturers, who neither are nor ought to be the rulers of mankind," could easily be made the basis of a revolutionary labour economics. In the early decades of the nineteenth century a vigorous advance of economic thinking took place in these opposed directions. The Owenite and early Socialistic analyses and proposals presented a powerful and various challenge to the theory and accepted practice of the capitalist control of industry for private profit, anticipating almost all the valid criticism of the later socialism.¹ But in the struggle for survival in the world of thought the *laissez-faire* capitalism enjoyed the immense advantage of the support of the universities, the rising moneyed Liberal party and their Press, and of the energetic representatives of the new manufacturing interests. The combination of bankers, cotton spinners and well-to-do Whig philosophers easily secured the seats of intellectual authority for a political economy which presented economic processes from the exclusive standpoint of the capitalistic and employing classes. The whole theory of distribution and consumption was auda-

¹ See Introduction by Professor Foxwell to Menger's "The Right to the Whole Product of Labour" for an account of these buried books.

ciously distorted into an abject subordination to a theory of production, in which saving and the strengthening of the fund of capital, from which the employment, wages and subsistence of the workers were derived, became the all-important conditions of prosperity. Although in later generations this crude doctrine of a wages-fund, limiting the subsistence of labour and invalidating the efficacy of trade-unionism (the implicit purpose of the whole theory), has been submitted to various modifications, the central features of the original design still remain. The *laissez-faire* assumption, and its implication that the wage-earner tends to get all he is worth and that he can only get more by working harder, still stand firmly embedded in the orthodox economic teaching of our academic economists. Indeed, they have quite recently invented and put into intellectual circulation a new support for the old capitalist positions, entitled "the marginal theory of value," resting ultimately upon the false assumption that the capital and labour in the actual economic world consist of infinitely divisible and absolutely fluid and interchangeable units. This false mathematical conception has been authoritatively selected for the new corner-stone of a theory of value, in order to buttress up the fortress of capitalism against the assaults of the labour movement. That this is not the clear intention of the clever economists who have supplied the required doctrine may well be admitted. But the reason why this theory survives and flourishes, while other competing theories fail, is not the superior measure of truth it contains, but its adaptability to the intellectual requirements of the classes who control, not industry alone, but the intellectual apparatus of the nation. That he who pays the piper calls

the tune is a maxim as applicable in the intellectual as in other worlds, though the transmission of the "call" is more intricate. Sometimes those who pay the piper change the tune. This is happening in our economic policy. Many of our organized influential business men no longer see their advantage in Free Trade and an open door: they call for protective tariffs and a closed imperial preserve for their trade and their investments. They stand no longer for competitive enterprise, but for syndicates and combinations with regulated outputs, apportioned markets and price agreements. They are prepared for the abandonment of individual private bargaining with labour, hoping to substitute the control of a capitalist State, with machinery for fixing wage rates and other conditions of employment and for a compulsory settlement of trade disputes which shall secure them peace with profit.

Organization is the key-note of the new national or imperial economy which finds no lack of intellectual exponents of the bureaucratic Socialism it involves. The motive of the new business economy is plain; it is to purchase enlarged productivity and improved discipline from labour with a small portion of the increased yield of wealth. Competitive profiteering is to yield place to combined profiteering under the protection of a State which profiteers control. The next few years will witness a plentiful crop of political and economic theories in support of this design. Rich business men will endow departments in the universities of our industrial centres for research in scientific management, trade-boards, industrial arbitration, profit-sharing, State aids for new industries, "key" industries, trading banks, subsidized transport, and various other schemes for harmonizing capitalist

control with submissive labour and a powerful bureaucratic State. These central motives of organization and discipline, economic and political, will be pervasive in our educational system. All loose ideas of liberty and equality will be drilled out of our people from the kindergarten upwards. Our young will be prepared for a more strenuous and a better regulated life than that of their parents. They will be better reared, better trained and taught, better disciplined and better sorted out for their specially appointed work in a highly subdivided industrial hierarchy, always manned in its higher grades by officials who are members of the ruling and propertied classes, with a sufficient admixture of *déclassé* workers to conceal the nakedness of the class rule.

CHAPTER VI

SPIRITUAL AND SOCIAL REACTIONISTS

BUT these formal processes of thought are by no means the only or the most powerful intellectual and emotional supports of reaction. In our brief preliminary survey we saw from what various sources the strength of militarism was derived. We saw how the spirit of authority and enforced discipline, the regimentation of the mind and conduct, implicit in our Churches, our Public Schools and our bureaucracy, recognized a kindred spirit in the ritual, the hierarchy, the uniform, the route march or processional, the submission of private will to higher orders and *esprit de corps*, the austere strenuousness of the soldierly life, as presented to their sympathetic imagination. Pacifists, led astray by the lure of paradox, err when they represent Christian ministers as the victims of a secret blood-lust. It is true that nowhere do militarism and war find a more wholehearted support than in the country rectory, unless it be the Wesleyan pulpit. But this is chiefly due to two characteristics of the spiritual official. First, a high sense of order and uniformity, as illustrated in the church service and the class behaviour of the village school, and affecting all his outlook upon life with a tinge of authoritativeness and rigour. His intellectual, economic and social conditions conspire to make him hostile to liberty and democracy. Religion, concerned as it

rightly is with trying to give intelligent and emotional expression to the relation of man to the governing and unifying power or purpose in the universe, has deeper need for the free development of thought and feeling than any other interest of man. Nowhere else are restraints upon intellectual liberty more injurious and more demoralizing. The inward bondage to a creed, immutable and authoritative, and the external bondage to a Church, which by its two dead hands of endowment and legal status imposes orthodoxy, involve not only the fact but the feeling of spiritual servitude for all who have a natural capacity for independent thought. This has two results. First it selects for the ministry men with an easy aptitude for conformity, possessing neither the capacity nor the desire to treat the spiritual life as an adventure and a progress. Secondly, it has a worse effect upon the minority who do naturally possess or discover some power of criticism and of spiritual change. For it subjects them to the deadliest and most degrading of temptations, the refusal of free expression to the inconvenient and disturbing questions which announce each process of spiritual creation within the human soul. Worse still, it generates a casuistic aptitude for playing tricks with creeds and rites, so as to furnish some secret and limited satisfaction for new thoughts and higher criticism without imperilling unduly their reputation for orthodoxy. This double life is more degrading than the sheer inertia of the majority. For it corrupts the inner springs of spiritual life—it is “the lie in the soul.” Both types of cleric are enemies of progress, both are in the last resort defenders of the *status quo* in politics, industry and other social institutions, as in religion. Both may be trusted in the last resort to rally round the flag of

property, respectability, political class rule and the militarism which is its last weapon. But, whereas the former, the ordinary country rector or the narrow type of Nonconformist minister, is openly intolerant of free thinking in any field of thought, and avowedly sympathetic with the doctrines and practices of political and economic masterhood, the latter pursues, in his external path, as in his spiritual, a more subtle art of management. As Liberal or Christian Socialist, he often woos political democracy and evinces sympathy with labour movements and schemes of economic reconstruction in which philanthropy and trusteeship shall herald a new age of guilds and co-operative enterprise under the suzerainty of a Catholic Church restored to its proper seat of spiritual authority in a reformed society. But, with rare exceptions, such priests are enemies of individual liberty of thought. Their real reliance is upon some mystical Communion of a Church, and this Church, in order to retain its social prestige and its external influence, must stand by and furnish spiritual aid and consolation to the powers that be.

Among the clergy of the State Church there are, however, other emotional and social attachments to the circle of reaction of a more personal order. The rectory exhibits an unusually developed sentiment of Imperialism to which many diverse currents of feeling contribute: *imprimis*, a cultivated sympathy with a ruling caste engaged in spreading and imposing civilized government upon backward peoples, sanctified by considerations of missionary enterprise and endowed with powerful personal interests through sons in the Navy or the Indian Civil Service, or elsewhere engaged in "empire-building." This sentiment is kept in high vitality by the fuller opportunities of

expression afforded by the pulpit and the ordinary conversation of the recognized local exponent of the higher life.

Public School masters come within the same spiritual category. Many are clergy, and most of the sentimental influences favourable to militarism are common to both professions. Moreover, successful schoolmasters in our existing educational system are commonly men of dominant and aggressive personality, engaged consciously in an attempt to stamp their intellectual and moral image upon their staff and their pupils. They are "warring" against ignorance, vice, slackness and ill manners, and striving to impose a "standard" of personality upon large numbers of human beings whose natural diversities they have neither the time, the inclination nor the intelligence to study. What wonder that the schoolmaster should welcome military drill as an accomplice in his wider purpose, and should punch history into shapes that appeal to patriotic pride and feed pugnacity! The clergy and the schoolmasters are the chief middlemen who convey into the general mind the warped and selected "facts" and judgments served out to them under the title of "history" by college dons or intellectual outsiders whose professional interests and personal proclivities unite to enlist them in this branch of "national service." Nothing in the annals of intellectualism is more disconcerting than the "easy virtue" of many professional historians who, though aware of the extreme difficulty of verification of facts and their just interpretation even in the calmest and most leisurely atmosphere, have been eager to prostitute their reputations to the most violent *ex parte* presentations of current political events and motives.

Journalism is often explained as the mere mercenary of reaction. In war and other national emergencies the Press, definitely "capitalist" in interest and control, becomes here as elsewhere a machine of government, pumping into the general mind whatever news or opinions are convenient to the authorities. But while the capitalist control gives a permanent support to the reactionary alliance, it should be recognized that powerful independent influences work in the same direction. In ordinary times, political and industrial strife, crime, competitive sport and gambling, together with the vulgar and expensive personal display of "high society," form the staple of the news columns and feed the separatist and combative instincts. In periods of grave internal or international conflict, our newspapers live by stimulating hatred and revenge, fear, envy and suspicion, using a licence of invention, suppression and perversion of facts accommodated to the ignorance and credulity of their public. Lord Morley once described the Press as "a perpetual engine for keeping discussion on a low level." But in times like these, it aims at stopping the whole process of discussion and keeping thought and feeling on the lowest level. It is not too much to say that the popular Press has gone far towards destroying the human value of two generations of popular education by turning the three R's and their miserable adjuncts to the most degrading uses. To charge it with a conscious conspiracy to capture and degrade the popular mind, so as to weaken all popular movements of political and economic reform, would be, however, to misrepresent the workings of the forces of reaction. No such clear purpose animates the owners and controllers of our Press. The degrading work they do is the product of a number of separ-

ate considerations never gathered into any unity of purpose. It is a labour of "undesigned coincidence." Some of the influences which operate from the business world are indeed well recognized. The veto of the advertising manager over the whole policy of a modern newspaper, which lives upon advertisements, is very real. It operates both generally and in particulars. The interests of owners of certain kinds of property may be seriously injured by public criticism, or by political proposals for legal restrictions, taxation or other public interference. If the businesses connected with such property are large advertisers, it is easy to perceive how their pressure is imposed on the news and editorial matter of newspapers. Every journalist knows that a strong attack upon the drink trade or drugs, and in higher class journalism upon motors, insurance companies or landed property, will get him into trouble with the management, while a capable defence of these moneyed interests will be profitable business for his paper when advertising contracts are renewed. The control of the advertiser over the less scrupulous organs, of course, is often more direct. Where news and editorial assistance in support of some financial operation are directly purchasable, we have corruption in its crudest form. Upon the Continent, especially in France, high finance thus operates upon the business columns of otherwise highly reputable papers, and even in this country revelations of similar procedure from time to time are made in the law courts. But the general body of this pressure is informal, and ill-recognized even by Press managers and editors. It may be doubted whether in this country newspapers would enter into such contracts with a drug-trade syndicate as were disclosed a few

years ago by an enterprising "weekly" in America, when the contracting newspapers undertook as an express stipulation that no matter of news or comment unfavourable to the drug trade should appear in their columns. Perhaps the drug trade here is not so strongly organized or its advertising so lucrative as in the drug-ridden United States. Our Press would not with one accord abstain from reporting a most sensational Parliamentary debate upon a Bill to restrict the sale of dangerous or demoralizing drugs, as was the case with a measure introduced into the Massachusetts Assembly. But in this as in other matters where profitable advertising is affected, most of our newspapers would tread delicately. Co-operating with such specific pressures of business interests is the general influence of capitalism, as represented by the investments and other business attachments of the directors and large shareowners of newspapers, which are in themselves great capitalist concerns. Agitations and reforms which shake the confidence of the propertied classes and give a sense of insecurity to wealth must expect to have the active opposition of almost all respectable newspapers. Here and there in every country is found a paper which retains from an earlier period the responsibility of a disinterested professional adviser, engaged in considering the public welfare, with as little bias as is possible from the business side. But most papers, while striving to conserve the semblance of professional character and a policy of principle, are moulded by the pressure of the upper millstone of capitalistic control and the lower millstone of circulation. In their attitude to their public they are grocers, supplying articles that sell. This does not, however, imply a merely servile attitude of supplying "what

the public wants." It is theirs to stimulate and to evoke wants by the sort of goods they offer. The worst and most unscrupulous form of advertising is theirs. For they are, more than any other trade, specialists in feeding gullibility. Hence the boldest condensation of mendacity and malignity is found in the newspaper placard. The bill-maker has better than any other man gauged the depths of credulity and emotional suggestibility, the short memory and the incapacity for criticism, of the average reader.

It might, of course, appear that a proletarian Press, free from the more injurious pressures of capitalism, would easily be able to pursue a useful and a profitable trade by helping to organize the popular forces of discontent against the alliance of reaction. For, after all, the workers are the vast majority of the public, and their interests, if they knew it, lie in the defeat of reaction. How, then, does it come about that even the Press they read is so often in the active service of their enemies? Partly, no doubt, because a daily paper, feeding any large public, is of present necessity an expensive and a risky enterprise, requiring large capital and dependent therefore upon the support of rich men. In theory, the co-operation of the million might furnish a sufficient basis of capital: in practice, it cannot, unless a far more alert and widespread appreciation of the need of an independent Press is generated. But the chief cause of betrayal is found in the tastes and interests of the mass of working-class readers. They have been brought up to want the doctored and drugged news, the fierce appeals to hate and suspicion, the procession of scares and horrors, the strong unmeaning headlines, the bold false prophecies. This has been their war-

mind. In peace, the sport and betting news, the police-court, the story of adventure, doings in high life and local gossip, eat away all serious sustained interest in politics or even in the labour movement. The cheap "capitalist" Press knows their weaknesses: they are its allies, it is skilled in playing up to them. I am not blaming the working classes for over-valuing lighter recreations and not being sufficiently alive to their deeper and more permanent interests. For this attitude of mind is part of the social problem to be solved. Here we meet it as a factor in the reactionary influence of the Press. But it comes up whenever we touch any specific problem of reform. Every democratic reform is sapped by draining off the potential interest and support of the workers into more immediately attractive channels.

The most important service, for instance, rendered by the Press to the circle of reaction is as caterer to the amusements and distractions which divert the mind from dangerous processes of thought. The strain of a dull industrialism calls for strong "relief" elements, easily accessible and making no serious demands upon the mind. The powers of reaction instinctively recognize the truth which Lord Salisbury once blurted out in recommending "circuses" as the remedy for our "present discontents." *Panem et circenses* may be taken as the settled half-conscious policy of the new capitalist defence, translated into broader terms of "subsistence wage and cheap amusements." The public-house, the music-hall, the pictures, football, horseracing and betting, are well recognized by labour leaders as the enemies of really effective industrial and political organization among the workers. Not that these diversions are

in themselves subjects for condemnation, but that they serve to eat away so large a share of the interest, the leisure and the surplus income of the workers as to leave too little for the work of making democracy a reality. This half-conscious policy of "doping" thought by alleviations and distractions is, of course, by no means confined to the working classes. The same lack of seriousness is chargeable against our aristocracy and bourgeoisie. Sport and luxurious living, excessive holidays and pleasure-seeking, easy-going comfortable ways, have impaired our education, enfeebled our application of science and organization to industry, commerce and politics, and have broken down the domestic puritanism which was the backbone of our former economic supremacy. Our spiritual pastors and masters are everywhere beseeching us to repent of this national sin. The ruling, possessing and employing classes have got to make an effort to escape the natural nemesis of sloth and a too easy prosperity. The problem is how to cultivate the serious life themselves, without getting too much thought into the working-classes. For if the worker becomes "like one of us, knowing good and evil," there are likely to be "ructions." It would be foolish to suggest that this idea stands out, or is likely to stand out, clearly in the thought and purpose of the governing and possessing classes. It is essential to the pursuance of the policy that it should not reach any clear stage of consciousness, but that it should operate as instinctively as possible. Our masters will not say to themselves, "We must keep popular education and thinking on safe lines and within safe limits, such as fits them for efficient workers and unfits them for 'agitators.'" But they will see that the public money spent on schools

goes as far as possible to such scientific and technical training as carries this immediate utility, and as little as possible into a really "liberal education," such as evokes free thought and criticism upon human institutions. They will feel that this is the best thing for the workers themselves, to give them really serviceable information and aptitudes, not to fill up their minds with "mere ideas."

Similarly, they will recognize the value of the wider political and philanthropic policy of concessions and emollients, public provision of insurance against the emergencies and accidents of life, philanthropic services rendered out of surplus private wealth, with encouragement to those distractions and human weaknesses of working-class life which are not deemed seriously detrimental to the efficiency of labour. This is where the whole apparatus of sport, drink, gambling and the pleasure trades "stands in" with the major forces of reaction.

Even the principals in the Alliance of Reaction have no clear idea of the co-operation in which they are engaged. The Liberal manufacturers and merchants of a generation ago understood very little the influences which were drawing them towards Conservatism, Imperialism and militarism, and now are leading them towards Protectionism. The belief in, or the belief in the belief in, popular representative government is still held by politicians whose efforts are consistently directed against every attempt to give concrete reality to that government. In none of the Western Liberal Powers is there a clear consciousness among the possessing and ruling classes that they are engaged in a warfare against democracy, and that part of the inner meaning of the war has been to strengthen the forces of militarism and of class govern-

ment at their disposal in their respective countries for the defence of their property and power against the encroachments of "the people." Nowhere among the reactionists do we find any open recognition of a class war or of the deep fundamental rifts of interest between haves and have-nots, capital and labour, subjects and rulers. The struggle is conducted with the lights turned down, and it is a struggle in which detail smothers principle. There is a persistent refusal to face the logic of the situation. This refusal belongs to the intuitive cunning of the reactionary movement. Though the reactionists do not, of course, perceive or admit that reason, justice and humanity are against them, they take every care to avoid raising these issues, because they have a sort of intuition that such appeals would tell against them. It is only in private conversation or in the relaxation of the club smoke-room that business men speak their mind about keeping the working classes in their place, or Civil servants vent their contempt alike for the intelligence and the power of "the people." This absence of a conscious solidarity and continuity of purpose in these principles of reaction we have already attributed in part to the fact that each has a special outlook and interests of its own to serve and conceives itself as using the others for its own ends. The simplest instance is the interplay between the political party leader and the financial or industrial magnate, in which the former blackmails the latter to fill the party purse which is his instrument of political power and personal importance, while the latter views the same transaction as one which gives him a hold upon the party policy, to be converted into tariff-pulls or other business plunder. Similarly, on the wider plane, with the conspiracy between the

Foreign Office and the group of bankers or concessionaires, the former seeking to promote or to strengthen some political *entente* or to check the political scheme of another Power, the latter out for a lucrative loan or a profitable railroad enterprise. This difference in the direct purpose of the co-operative forces conceals the meaning and obscures the actual facts of the co-operation.

Still more is this the case when we are dealing with the auxiliary and the secondary forces of reaction. The leading auxiliary, as we have recognized, is militarism. Only on its trade side do we rightly detect any clear consciousness of a wider policy, and even that is limited in scope. The armament industries do exhibit a fairly well-developed recognition that their interests lie along the road of Conservatism, Protectionism, Imperialism and a spirited foreign policy, and, as we saw, they are accustomed to bring organized pressure upon Governments, the Press and other organs of public opinion, to promote their trade. But militarism on its professional side, as personified in the services, concerns itself very little either with trade or politics. Though its officers are mostly attached by private interests and sympathies to the centre of reaction, as members of a fighting caste they have tastes, occupations and valuations which preclude them from any recognition of the fact that they are instruments either of statecraft or of business policy. As for the secondary supports given to reaction by education, the Press, the drink trade, sport and the amusements, there is a blank unconsciousness of their larger rôle. Each has its own clear, direct, strongly specialized interests and purposes, which absorb its attention. Drink does not need to analyse its maxim, "Our trade our

politics," in order to know who are its friends and who its enemies. The atmosphere of the public-house evinces quite unconscious but powerful sympathies with the combative, the sporting, the gregarious impulses: it elevates the emotional and degrades the rational elements, it generates and radiates the lowest and worst types of patriotism. It does not require to realize the meaning of its reactionary work in wasting the time, the money, the brains and the purpose of the workers, so as to keep them in bondage to their masters. It simply does the work and takes its pay. The same is true of the great and highly elaborated machinery of sport and the amusements. It is organized in order to stimulate and exploit the tastes of the people, it is not concerned with the reactions upon the cause of democracy produced by the sedatives and distractions it supplies. Education and the Press are perhaps slightly more conscious of the part they contribute to reaction. But even here it is a specific will to power, the craving for exercise of intellectual and emotional authority, in order to get the satisfaction of making and imposing information and opinions, in other words, the satisfaction from the successful display of functional activities, that preponderates among the initiative and controlling minds, coupled, as we saw, with the narrow business purpose of the intellectual huckster.

Nowhere is there a plain recognition of a subtle and powerful conspiracy of various economic, political, moral and intellectual forces to defend class power and to defeat democracy. Since the conspirators themselves do not recognize the part they play, is it likely that the people should recognize it? Where there are glimpses of recognition, they are usually

attended by a misrepresentation fatal to the purposes of reform. The vulgar imputations of hypocrisy sometimes brought against the Church, the universities, the "capitalist" Press, as conscious willing tools of property and class rule, play into the hands of reaction. For the charge of "hypocrisy" is false, and the resentment felt against it helps to keep shut the doors of that self-criticism by which keen minds make discoveries about the secret influences to which they are subjected and the indirect uses they are made to serve. A Tory or a sham Liberal politician might have a notion that he was in politics to protect property and privilege and might do his work none the worse. But it is essential to the reactionary rôle of the Church that its clergy should be blind to the play of the reactionary influences, as it is to the reactionary rôle of the universities that their teachers should feel themselves to be genuine and single-minded devotees of disinterested culture. Open-eyed hypocrisy would spoil them for the reactionary service. For this reason every charge of conscious servitude helps to disable not only the clergy and the college don, but all who are in personal touch and intellectual sympathy with them, from recognizing that unconscious servitude which actually exists. Thus does ignorant or spiteful calumny recoil on its inventors. The chief injury does not consist in rousing the objects of this calumny to conscious hostility against their accusers and the movements which they claim to represent, but in closing their minds to the processes of self-analysis and self-revelation. For it is hardly too much to say that the chief hope of democracy depends upon the dividing, disconcerting and weakening effects which these processes alone can bring about in the forces of reaction. What democracy most needs is

the awakening of what old theology would call "the sense of sin" in the souls of these enemies. If democracy itself is sound, it must put its faith in the truth that shall make us free. If the vulgar notion that the plutocracy and the bourgeoisie are solidly united in a clear determination to keep down and exploit the proletariat were correct, the case for democracy would indeed be hopeless. For history makes it clear that mere numbers, mere quantity of physical force or even of electoral power, cannot prevail against superior knowledge, organization, habit of command and the possession of all the dominating positions in the political and economic system. It is necessary to sap the intellectual and moral defences of the enemy. This can only be done by assuming that they are for the most part honest and well-meaning men, genuinely deceived as to the inner meaning and effects of the services they render to reaction, and by getting them to see the truths which have been hidden from them in the complicated folds of modern social structures. Moral and humanitarian appeals, important as they are, have proved capable of evasion; they easily run off into philanthropy or other worthless individualistic channels. A whole "philosophy of Charity Organization" has been invented to contain them. It is a better psychology that is needed, and along with it a better interpretation of the social environment, especially in terms of economics and of politics. All the larger presentations of the democratic movement, Socialism in particular, have suffered from these intellectual defects, a too simple and superficial psychology and a too rigid and intransigent presentation of the world of affairs. Largely on this account Socialists and other Radicals have not succeeded in getting their sword of criticism

into the joints of the armour of their enemies. Their surveys of the enemy positions have been vague, and they have sought to cover up the vagueness by imperfect formulas or impassioned rhetoric. What is wanted is a close aircraft reconnaissance, better map-making and exacter calculations. But I must not carry the military metaphor too far. For my real point is not so much to get democrats to recognize more clearly the nature and the strength of the reactionary positions they are attacking as to sow the dissension among the enemy which self-knowledge would bring. It is true that the growth of the moral sciences under the secret pressures which we have described has not contributed much towards the self-knowledge that is desired. For these sciences have been distorted to the service of Conservatism. But truth will out; intellectualism is not knowingly mercenary, and the discovery of its secret biases is already beginning to make havoc with the conservative defences. Modern revelations of the business world and of the conditions of the people have exploded the easy optimism of the classical economy, and its hastily improvised substitutes do not wield the intellectual authority of their predecessors. Equally uncompromising revelations of "real politics" have gone far towards opening the eyes of all intelligent people to the folly of supposing that a genuine democracy was coming to pass by some formal enlargement of the franchise and other modes for realizing the will of the people, with no provisions for bringing into being that effective will. Now that the underworkings of the human mind, individual and collective, in the formation and the operation of all social institutions, language, art, religion, as well as government and industry, are being explored anew, the barren *naïveté*

of the earlier mapping of the mind will be relegated to the limbo of a pre-scientific age, ranking with the Copernican system and the trajectories of Mercator.

I do not mean that this new Appeal to Reason among the allies and auxiliaries of reaction can at all dispense with the organization of democratic forces among the subject classes, or even with the necessity of a bitter struggle which may take the form and the substance of a class war. But success in that struggle will depend not more upon the organization of the forces of democracy than upon the disorganization of the forces of reaction. And this latter achievement depends upon the strength and skill of the Appeal to Reason. This is the special service which the scattering of intellectuals, deserters from the upper class and bourgeois creeds, is best capable of rendering to the cause of democracy. For they have liberated themselves and can therefore help to liberate others from that fear of thought, that self-imposed inner servitude, which is the greatest enemy of human progress.

Men fear thought as they fear nothing else on earth—more than ruin, more even than death. Thought is subversive and revolutionary; thought is merciless to privilege, established institutions and comfortable habits; thought is anarchic and lawless, indifferent to authority, careless of the well-tryed wisdom of the ages. Thought looks into the pit of hell and is not afraid. It sees man, a feeble speck, surrounded by unfathomable depths of silence, yet it bears itself proudly, as unmoved as if it were lord of the universe. Thought is great and swift and free, the light of the world, and the chief glory of man.¹

¹ Bertrand Russell, "Principles of Social Reconstruction," p. 166 (Allen & Unwin Ltd.).

PART II
THE DEFENCE OF DEMOCRACY

CHAPTER I

HOW TO BREAK THE VICIOUS CIRCLE

IN face of this array of reactionary forces, what tactics are the defenders of liberty, democracy and social progress to pursue? So formidable is the enemy, so strong his hold upon the instruments of power, as to render it unthinkable that he will yield to any merely instinctive revolt against the new shackles imposed upon our liberties, or to any blind movement of economic discontent. There must be a considered policy of attack. In that consideration the first need is to understand the nature of the bond of alliance between the reactionary forces. Nor is it enough to realize, as we have done, the general character of the interests and secret sympathies which has drawn them together. We must understand that we are dealing with a vicious circle. This term is commonly applied in logic to a bad process of reasoning, the badness of which consists in arguing that A leads to B and B to C, the accepted conclusion—without perceiving that it may with equal reason be held that C leads to A. In discussions upon the principles of social reform the common illustration is found in the contention between the individualist and the socialist as to the validity of proposed reforms. The individualist contends that poverty is mainly due to defects of personal character, and argues that reforms in social environment are unattainable

without preceding improvements in personal intelligence and morale, and that even were reforms imposed from outside they would be inefficacious. To this the socialist replies by pointing out that personal intelligence and morale cannot be improved while the environment remains what it is. "You must first," he urges, "improve the environment, then you will get your improvement in character," while the individualist once more retorts that the very desire and so the power to effect improvements of environment imply a prior improvement of character. So the argument goes waltzing round.

The circle of reaction which confronts democracy will be quite as vicious and more complex in its arrangement. The point at which we enter it is the militarist bureaucracy in control of affairs when the war is brought to an end, with conscription in being and great emergency powers exercised by the Government over industry and the civil life of the people. How are the people to get back the civil liberties they have lost and to restore and strengthen their powers of self-government? The retention of conscription and of exceptional legislative and executive powers in the hands of a self-appointed oligarchy is defended on the ground that peace is precarious and the international situation so grave that an immediate return to free institutions and constitutional forms of government is dangerous to national defence. If the reactionists have their way, peace will have been made precarious and the international situation kept grave by a settlement based on military, naval and economic force and containing elements of insecurity. The dangers of industrial and civil disorder, arising from the economic processes of resettlement, and graver on account of the pre-

carious international situation, will be adduced as a second reason for the retention of emergency powers for the Government.

If this menace is to be averted, the peoples must be able to insist upon a lasting international settlement not containing the seeds of future wars, and a complete League of Nations, operated not on lines of class diplomacy, but in accordance with the mutual interests of the constituent peoples. So, likewise, in dealing with the difficulties of economic reconstruction, a genuinely representative policy must displace the action of a definitely capitalist State operated by official dictators and a few captured and servile "labour leaders." In other words, political and economic democracy must be able to assert itself with vigour and success. But how can it be possible that, amid the confusion of returning peace, the political and economic organizations of the people, impaired or lapsed for the duration of the war, can become so much more powerful as to insist not merely on the resumption of all pre-war liberties, but on the displacement of class supremacy in foreign policy by the principles and personnel of popular government? For nothing less than this democratic control of foreign policy will suffice. Leave this single sphere of oligarchy, and it is now made manifest that all other forms of popular self-government are almost worthless. For the class that controls foreign policy controls the supreme issue of peace or war, and through that controls expenditure on armaments, issues of conscription and the direction given to industrial and commercial development, education and the intellectual, moral and recreational life of the people. If, therefore, democracy is to be anything more than an idle name, given to a finally impotent

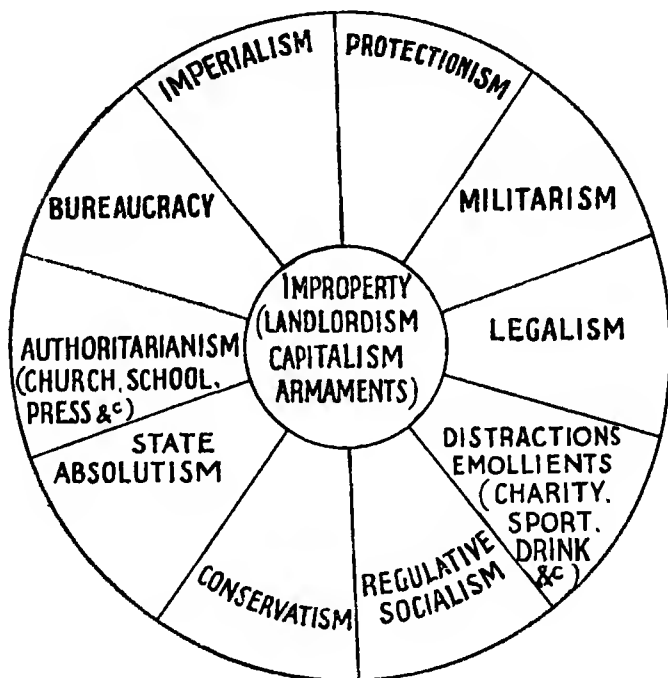
vote cast once in each five years, the test struggle will be fought around the fortress of foreign policy. For, retaining that fortress, the capitalist oligarchy will always be able to win back any losses it may have sustained in the control of domestic politics during peace-time, by rousing the fear, or, in the last resort, the actual peril of another war.

But how can the people in this or other capitalist countries make themselves strong enough to win the real control of their external and internal policy? We say that if they could be brought to a realizing sense of the danger of their situation, and the urgent necessity of organizing so effectively as to give real meaning to the formal power which numbers possess, success would be theirs. But here we collide against another factor of the reaction. The people, as a whole, have not the intelligence, the knowledge and the persistent will needed to make democracy effective for this great task. Why not? Not because of any congenital incapacity to think, to learn, and to exert will-power in seeking their ends, but because the circumstances under which they live and work, and the arts of management of public opinion by the ruling and possessing classes, preclude them from acquiring and exercising the intellectual and moral powers that are needed. The poverty of the poor and the wealth of the rich conspire to make democracy impossible. Disabled by a life of toil amid depressing surroundings for the effort of clear thought and effective co-operation for large, complex, and distant action, the masses are distracted and beguiled by the "organs of public opinion," which play upon their credulity and their lighter tastes and interests so as to keep them from any form of organization really dangerous to the powers above. In other

words, the operation of economic forces under capitalism prevents the public from realizing adequately the dangers and injustices from which they suffer, and from exerting the will-power requisite in order to apply effective remedies. So we are brought to the orthodox Socialist position. Capitalism is the enemy—capitalism, with its monopoly of wealth, leisure and intelligence, and its power to use these privileges not only to rob the labourer of a large portion of the product of his labour, but so to enfeeble and enslave his mind as to prevent him from organizing any effective rebellion. But how can these powers of capitalism be broken, except by means of that very organization of political and economic democracy which they are employed to crush? So the vicious circle is once more closed. Military oligarchy is linked to secret class diplomacy; the fruits of this foreign policy involve conscription and vast expenditure on armaments, thus precluding effective advances in those services of educational and social reform which would render possible a democratic organization competent to overthrow the forces of capitalism which sustain, direct and feed upon the strong military State. The mechanical analogy of an endless chain is not adequate. For the vicious circle is organic and alive. It is a poisonous co-operative interplay of parasitic organisms, feeding on the life of the peoples by mastering and perverting to their own selfish purposes the political, economic and moral activities of humanity. Political oligarchy, industrial and financial capitalism, militarism, intellectual and spiritual authoritarianism, find natural allies in the servile Press, the servile School, the servile Church, which they utilize to drape their selfish dominion with the gallant devices of national service,

Imperialism, "scientific management" and other cloaks for class-mastery.

The diagram below will roughly serve to illustrate the nature of the circle of reaction, though it goes a very little way towards representing the



intricacy of the mutual interplay of material and spiritual interests by which the reactionary factors are related to one another.

It is, however, so important to realize the nature of the bonds of sympathy and mutual support among members of the circle, that we may profitably recite

the part played by such a typical force of reaction as Protectionism.

By Protectionism is meant the utilization of politics by trades for special economic gain through restriction of free markets. Of Protectionism the tariff is the leading instrument. Now, Protectionism enjoys a direct community of interest or sympathy with almost every other member of the circle, even those which seem at first sight most remote from its commercial aims. Its connection with the economic taproot, improprerty or capitalism, is of course the closest: for its essential activity consists in looting the unprotected consumer and the weaker trades for the benefit of the strongly organized capitalist trades. It connects with Imperialism, partly by retaining and incorporating remnants of the old policy of mercantilism, partly by attaching itself, by special modification of structure, to the sentimental and political design of a united self-sufficing Empire. It appeals to bureaucracy, State absolutism and the wider spirit of authoritarianism in various ways. Bureaucracy it conciliates by offering a large province for the control of expert officialism, the formation and administration of a "scientific tariff," power, and lucrative appointments. State absolutism (Prussianism) it nourishes and conciliates by fostering a distinctively national economy and by its hostility to economic and political internationalism. It connects with militarism, partly by the special requirements of the armament and related trades in their capacity of key-industries needing protection and other State aids as instruments of national defence, partly by the emotional sympathy obtained through representing trade in terms of economic war. Trade, falsely imaged as a struggle between

rival States, serves to feed and inflame international animosities and to sow the seeds of militarism and war. With the State policy here designated "regulative Socialism," Protectionism has a close affinity. In modern Protectionist countries protection is sought, not only through tariffs, but in various forms of subsidy and other legal or administrative aids given to home or export trade in railroad and shipping facilities, etc. A still closer attachment has been formed in Australia by fastening tariff regulations to a labour policy of guaranteed wages and pensions, an experiment likely to be proposed in this country as a means of buying the support of labour for the new Protectionist designs of capitalism. The bonds which attach Protection to Conservatism are so strong, so numerous and so evident, as to require no close analysis. It may here suffice to say that Protectionism, as a form of capitalistic exploitation, requires Conservatism as the natural defender of the vested interests it creates. Finally, Protectionism makes an easy appeal to every other obscurantist, bellicose and reactionary element. The spirit of the public-house, the race-course, the music-hall and the "yellow" Press, so easily accords with the presentation of trade as a competitive struggle between nations as to close the door to any recognition of its truly co-operative character.

In similar fashion we could trace the network of common interests and sympathies which connect any other member of the circle, such as Imperialism, bureaucracy, academic education, landlordism, legalism, with all the other members, thus weaving the whole number into one effective organic confederation of reactionary powers, each rallying to the support of any other that is attacked, each continually engaged

in adding material strength and moral prestige to the others.

I have laboured at some length the analysis of this unholy alliance in order that defenders of democracy may realize the number and the resources of their enemy. For, until these are realized, democracy can evolve no tactics adequate to safeguard any of the liberties it still retains, much less to make new advances in the establishment of the power of the peoples. For if my analysis is correct, none of the single and simple remedies devised by political or economic reformers will meet the needs of the case. Attack the fortress of secret diplomacy, say some. The democratic control of foreign policy is the key to salvation. But how can this be done when the vicious foreign policy is sustained by social and political forces rooted in capitalism? Well, says the socialist, you must first attack and overthrow capitalism. Capitalism is the taproot from which all the other branches of reaction derive their nutriment. Protectionism and Imperialism are special modes of profiteering in which the powers of the State are handled by business interests for business ends. The secret processes of foreign policy are mainly engaged in promoting commercial and financial objects and militarism and navalism are instruments in their pushful profiteering. Moreover, militarism and navalism are themselves great and increasingly profitable branches of capitalism. Regulative and concessive Socialism is oil to lubricate the wheels of capitalism. The Law, the Church, the Press, the universities, the bureaucratic State itself, are in the last resort the mercenary defenders of the capitalist system. Even emollients and distractions, such as drink and the amusement trades, are great capitalistic

enterprises out for monopoly gains. Therefore cut out from business the profiteering motive and the forms of impropriety which accrue, and all the other organs of reaction would wither and collapse.

It is a specious proposal, that of a single concentrated attack on capitalism as a profiteering system. But it is not practicable. For it ignores two factors in the situation. The first is that many of the forces of reaction have strong supports in personal and social motives of interest, power and prestige, independently of their alliance with capitalism. The second is that Socialism, national or international, is not really able to approach, much less to overthrow, capitalism, because of the powerful defences, political, moral and intellectual, by which it is encompassed. Socialism has neither a concerted feasible tactic, nor a sufficient number of able trusted leaders in close intellectual and political agreement, nor a large enough body of enthusiastic, convinced and indivisible followers. The patriotic stampede of Socialism in every country in the summer of 1914 is as convincing a testimony to its inadequacy to the task of overthrowing capitalism as could possibly be given. Those present at international labour and socialist conferences since the Great War ended find international democracy still poisoned by nationalist hatreds, jealousies and ambitions. This inadequacy will not disappear until Socialism ceases to isolate and overstress the economic class war. I do not depreciate the importance of this aspect of the great democratic struggle. But if social democracy is to deserve its title and to realize its meaning, it must broaden its outlook and its policy. If capitalism were a really separable phenomenon in the analysis of reactionary power, then Socialism might sustain

its limited rôle of concentrating all its efforts, economic and political, upon its destruction. But when capitalism is understood as only one, albeit the most important, member of a confederacy of reactionary forces, each with other evil sources of power besides the nourishment it gets from capitalism, the task of overthrowing it must be expanded into the broader task of establishing democracy. The people cannot successfully attack any stronghold of capitalism unless they control their State, both its legislative and administrative services, for otherwise the assailed interests will use the weapons of the State to ward off their attack. The people cannot even plan an effective attack on capitalism until they have the education and the understanding to direct their attack, not at some obvious and superficial abuse of employers' powers, but at the vitals of their enemy. How long a time, for example, it takes for a working-class socialist movement to realize that the heart of modern capitalism is the credit system and that the socialization of credit is the most important means of undermining capitalism !

If, therefore, the people is to deal effectively with the circle of reaction, it must strike simultaneously not at one but at many points. It cannot say, Because capitalism is the most formidable enemy, we will dispose of that first and then we will take possession of the State and conquer, one by one, the means of education, the Press and the other members of the circle. A vicious circle cannot be broken in that way. The full spirit of democracy must be roused, organized and directed to a general attack. After the Great War every cause of popular progress will be endangered, every liberty menaced. Hitherto the reforming spirit and the progressive movement in

society have drifted into barren specialism. This has been the temptation of the "practical" reformer, the desire to achieve some single, definite, early result by confining his reforming energy to some narrow manageable line of activity. The interrelation between all reforms has even helped to bring about this wasteful policy. For it has enabled the specialist to represent his speciality as the source or the essential condition of every other reform. The single-taxer, for example, has been able to find in his specific a full social gospel, economic, political and moral, the sufficient basis of a new ideal human order. The Free-trader, even now, often exhibits his principle and policy as a panacea for all national and international troubles, and as an adequate security for liberty and justice. The educational enthusiast is easily persuaded that trained individual character and intelligence are the only or prior conditions of every genuine reform, and that social salvation can come about in no other way. But even he is undercut by the temperance or the housing specialist, who believes that the destruction of the drink habit or the better hygiene of the home is necessary to give education or any other higher desire or activity an opportunity of growth. Within the last two generations there has been a great uprising of reform energy in the Churches, the political parties, the labour movement, in organized science and philanthropy. But it has been for the most part sterilized by the same practical fallacy, i.e. the belief that early tangible results could best be got by separatist action, by each group "doing its bit" in the work of social reform. Every one of these reforms is necessary. But every one of them is inimical to some one or more powerful vested interest, material or moral, and is suspected by the

general body of conservatism and reaction. Thus its separate endeavour to redress a particular grievance or to promote a particular advance has been crushed, or made innocuous by some trifling policy of concessions. Reaction, motivated by some inner impulse of co-operation, presents a solid front against such particularist attacks. Finding its enemy divided, it triumphs. If democracy is to have a chance of winning, it can only be by the union of all those genuinely progressive forces which have hitherto acted apart. But here comes the difficulty. They must perceive the necessity of common action. This means a widening of intellectual outlook and of sympathy. The single-taxer, the temperance reformer, the educationalist, the Free-trader, the trade-unionist, the socialist must become in fact and in feeling before all else a democrat. He must have a vision of the whole scope of what is involved in democracy, and the struggle to achieve it, and be willing to put his specialism into the common movement. Possibly the term and concept "democracy" by common usage give an undue prominence to the distinctively political aspect of the movement, just as Socialism is apt to do to the economic aspect. But I choose democracy as the expression of the wider aims, because it makes the appeal to the power of a self-directing people, operative in industry, in government, and in all the institutions and activities of social life, as the goal of co-operative endeavour and the instrument for the attainment or support of all the special forms through which the common life finds expression.

The whole object of this somewhat laborious analysis of reactionism has been to show the unity of the apparently unrelated reactionary forces, and

thereby to reveal the necessity of co-ordination among the forces of democracy. If we can show the keen land reformer that he cannot in fact gain his object except by throwing his energies into the broad movement to recover and enlarge the liberties of the people ; if we can make the educationalist, the temperance man, the " social purist," the hygienist, the pacifist and the other specialists recognize that they also can only make progress to their desired goal by perceiving and feeling its organic unity with the general cause of democracy, we shall for the first time begin to realize that hitherto baffling hope which has deluded several generations of democrats, the power of numbers. Democracy has never yet had this power ; its friends as well as its enemies have always succeeded in dividing the mass mind and the mass energy, by canalizing it into innumerable feeble, isolated or conflicting channels.

If the experiences of this war have not revealed this fatal error and the necessity of expelling from all specialist progressive movements those elements which are unable to take the wider outlook and to respond to the larger intellectual appeal, we can only conclude that our people is incapable and therefore unworthy of democracy. If they can still submit to be hoodwinked and bamboozled by sham forms of political representation, by industrial controls which leave them no determinant voice in the most vital issues of work and livelihood, by organs of " public opinion " in which the public has no initiative, by social sedatives and distractions designed to keep them quiet and innocuous, there is nothing to be done except to dismiss from our minds the vision of democracy as an idle phantasm of a disordered imagination. But, before submitting to this dismal judgment,

those who entertain the larger vision must at least make their appeal to the leaders of the specialist reforms. I do not despair of this appeal. Many of the active spirits in the movements of peace, temperance, housing, land, franchise and other specialisms are attached to more than one reform and have been feeling their way to co-operation with kindred bodies. Inside many of the Churches the catholic spirit has been gaining on the particularist in the movement towards a more liberal theology, a closer spiritual communion, and a common social ethic. Even in the older political parties in this and other countries, modern thought has been operating as a dissolvent of the accepted class creeds and barriers. Active-minded men and women have been sitting more loosely by their institutions and attachments. The critical spirit has been abroad. The rapid ferment of thought and feeling on the status of woman and sex problems during recent years has been at once an index and a source of revolutionary energy directed to the very foundations of society. Coincident with the new and startling ebullitions of revolt in the world of labour, this new sex consciousness has transformed the whole nature of social discontent, and helped to turn it into broader channels. The shattering experiences of war have broken the taboos and sanctities which warded off close scrutiny into the basic institutions of State, Property and Industry, the Family, Religion and Morals. A new tide of scepticism and audacious experiment is surging against all the pillars of the accepted social order, meeting in turbulent opposition the drift of war-weary and conservative forces towards the shelter of the old grooves. Millions of minds to which these basic institutions were unreal abstractions, with no actual bearing for

good or evil on their lives, have learnt differently. Hard personal experience has taught them what an instrument of destruction and oppression a State may be. The sanctity of property, industrial liberty, family life, standards of consumption, have been subjected to violent and even paralysing shocks. That an act of politics can bring death and desolation into a million homes, that all the common habits and liberties of men and women can suddenly be cancelled by official orders, that all the natural and accepted precepts of religion and morality can be violated or reversed at the call of national emergency, has been a revelation of huge, unsuspected perils in the midst of which the peoples have been slumbering. All live-minded men and women perceive how foolish and futile are the little political, social, religious or philanthropic "causes" into which they have put their zeal, so long as these controlling institutions of society remain so radically defective in structure and control. Our hope lies in the conviction that the fierce light of war and its glowing aftermath will show men that, unless an ordered popular will can flood all the main channels of national life, intelligently controlling all the major organs of government and influence, State, economic system, Church, Press, schools and universities, and the recreative and relief adjuncts, there is and can be no security for anything that ordinary men and women value in life. The exposure of sham democracy in the "liberal nations" has been complete. If the lesson is not learned, it will be because the ignorance or stupidity of the peoples is invincible. To divide and to distract have been the methods by which the forces of reaction have made democracy a sham. Unity and continuity of effort alone can make democracy a reality.

CHAPTER 11

THE NEW ECONOMIC SITUATION

ONE of the most subtle defences of Conservatism has been the modern notion, sedulously sown, that democracy is a process so inevitable and predestined in the evolution of society that no clearly conscious and purposive direction is required. Marxism embodied this false belief in its "scientific" view of the evolution of industry, and its political counterpart has flourished most vigorously in the optimism of the ordinary "good American." The dissipation of this delusion should be one of the chief services of this war. Democracy cannot be brought about by a drift or tendency of unconscious purpose; it needs conscious organization and direction by the co-operative will of individuals and nations. Until this co-operative will has been created and made effective, it must continue to remain an open question whether democracy is possible. The method of this conscious operation of the human will is therefore the issue of first practical importance. Now, though I have striven to point out the necessity of organizing the democratic will so as to attack not one or two but many points in the vicious circle of reaction, this tactic is consistent with a certain amount of concentration upon one or two positions of outstanding strength. In this sense it is true that the main

attack needs to be made upon the vested interests of impropriety in the control of politics and industry after the war.

For several definite issues related to economic reconstruction have come up with the cessation of hostilities. The first demand has been that the State should not suddenly or rapidly let down the volume of demand for labour by stopping public expenditure at a time when the labour markets are flushed by a rapid return of men from the fighting forces into industry. During the latter part of the war more than half the wage-earners were directly or indirectly employed in providing goods and services for the State. Any rapid cessation of this demand for labour must not merely bring about a temporary turmoil, as the displaced workers scramble for private jobs, but must create a far graver situation, supposing that private employment does not expand as largely or as rapidly as is needed to absorb the displaced workers, together with the returning soldiers. Now, it is not possible to rely upon any such expansion of private employment. For though the needs for great activity in all economic departments, agriculture, mining, shipbuilding, the staple manufactures, transport and commerce, so as to replace the destruction and wastage of the war and to furnish to the world those numerous supplies withheld or constricted for several years, ought to stimulate to full activity all the available labour and capital resources of this and other nations, it is impossible to assure their smooth and effective operation. A dangerous or obscure international situation, involving great difficulties in forecasting the new trade currents, disables manufacturers and traders engaged in overseas trade from planning production and esti-

mating prices with any confidence, or in obtaining the credit necessary to carry on their enterprises. Even in internal trade, the disturbances in distribution of wealth and in methods of production and consumption produced by the war leave their impress in new risks and a more speculative situation. The whole financial system of the world is left quivering with the shocks of war, and the changes in ownership of securities must have unforeseen effects upon the exchanges. While, therefore, great efforts are being made to produce large quantities of ships, rails, and other forms of wealth destroyed by war, to repair the public and private plant which has been allowed to fall into disrepair, to resume with great activity the suspended building trades, and to restore the depleted stocks of foods, clothing and other articles, this resumption of private enterprise cannot be relied upon to meet the urgency of the situation. Even if the required plant and material were available (which in many instances is not the case) and labour were present in abundance, the vital factor of business confidence is lacking.

In fact, it is self-evident that in the belligerent countries of Europe any sudden lapse from the State Socialism of war-time, with its enormous governmental control of engineering, agriculture, mining, transport and other vital industries, and its correspondingly enlarged expenditure, into the pre-war conditions, would spell disorder and disaster. The State must continue to retain a large proportion of this control and this spending power, if unemployment, industrial depression, a fall of wages and something like social revolution are to be averted.

An instinct of self-preservation will, therefore, impel the State to endeavour to retain after the war

many of the emergency powers it has acquired during the war and to substitute, as it has done, a policy of subsidies and doles to compensate for the withdrawal of expenditure and employment from war-industries. This policy has the support of popular opinion. Though wealthy taxpayers and financial parasites may demand an early reduction of public expenditure to something like the pre-war level, the obvious necessity of safeguarding employment supports the alternative of maintaining a large volume of State expenditure diverted from war services to peace services, i.e. to the performance of those great constructive services of social security and progress which hitherto the State has been too impoverished or too cowardly to undertake. It will henceforth be impossible for any Government to win credence for the plea that the country cannot afford the money needed to house the people and to educate their children properly, to supply free medical and legal services, adequate provision for old age and unemployment, to develop the resources of the land, set up small holders, improve the roads and canals, and assist the municipalities in town-planning and public recreation.

It is true that the State Socialism of the war has been assisted by conditions of public feeling not available for ordinary times. People were willing to pay taxes, tolerate official interferences, and work more energetically and more smoothly, from patriotism and a sense of public danger. Much of the old distrust of the State, and particularly its fiscal exactions, returns with peace. Revelations of official blundering, extravagance and corruption are rife throughout the business world. Both among the employing and the working classes there

is, therefore, a disposition to shake off the new fetters. But that disposition will be countered and overborne by the pressure of new economic and political movements. Though many of the irksome and unpopular powers of the State in the way of sumptuary laws and police regulations will doubtless disappear, the general development of State economic functions will remain. The war has advanced State Socialism by half a century. The national control of railways and the unification of the railway system cannot be undone, and must lead to complete nationalization. The coal and iron mines of the country and the coal trade are not likely to return to pre-war conditions. Together with such trades as engineering, shipbuilding, and chemicals, they will be recognized as "national" industries, in the sense that the Government will be made responsible for ensuring their best productivity, satisfactory conditions for labour, and reasonable prices. Whether the performance of these obligations entails public ownership and management, or is consistent with some system of cartels or syndicates, with State representation and suzerainty, remains an open question. But, in any case, the old condition of private profiteering, with a fluctuating policy of cut-throat competition and secret combination, cannot return. Nor is it less certain that State Socialism will make a distinct invasion into the domain of landed property and agriculture. The development of domestic food supplies, the encouragement of a rural population, schemes of afforestation and reclamation of waste lands, town-planning, taxation of land values, as an instrument of local and national revenue, must all contribute to this end. War experience will probably not leave the liquor trade in private hands. The

experience of finance during the last three years will have brought the issues of national banking and national insurance into the forefront of practical State Socialism. It can no longer be deemed safe or expedient to allow the supply of money, in its modern form of credit, to be regulated by the arbitrary will of bankers and financiers for their personal gain, with the right to call upon the State to rescue them in times of peril and to place huge war profits to their private accounts. The nationalization of banking and insurance should be a natural outcome of the new situation.

These two extensions of the functions of the State for

- (1) The enlargement and improvement of existing public services,
- (2) The extension of State ownership and administration to various special economic fields,

will necessarily be accompanied by a third extension in the shape of a large increase of taxing power. However successful the State may prove itself to be in the administration of the new public businesses and properties it takes over, it is not likely that they can advantageously be made to contribute more than a small share of the costs of the new State. One of the sharpest and most controversial issues which must arise after the war will, therefore, relate to methods of taxation. The need of providing the interest and sinking fund for the war-borrowing, the heavy temporary costs of demobilization and industrial resettlement, the permanent pensions fund, and the maintenance for some years at any rate of an expenditure on armaments higher than the pre-war level, will require a yield from taxes at least four

times the yield of pre-war times. *Prima facie* the bulk of this taxation must be imposed upon the well-to-do, the "capitalist" classes. It will, however, be to their interest to shift as much of it as they can on to the workers by indirect taxation, accompanied by a reduction of the income-tax exemption limit, so as to bring in the better paid artisans, miners and other workers who, to meet the rise of prices, have secured higher money wages. The chief indirect taxation proposed by the capitalists will take the shape of protective duties upon imports. Protection will, of course, have this double advantage for the capitalists. It will relieve them of a portion of the taxes which otherwise must come out of their pockets and put it on the working-class consumers. But it will confer on them the greater gain of better combination for control of the national market, and the enlarged profits derived from the raised prices at which they will be able to sell their whole supplies. Thus the manufacturing, agricultural and trading interests, not mainly dependent upon export trade, will make a vigorous attempt to put high protection on the country under the guise of national security, imperial unity, punishment of Germany and maintenance of the Alliance. If they can succeed in this design, and keep down vexatious State interference with the new combinations which the war experiments backed by tariffs enable them to form, they may endeavour to shift on to "the masses" a large proportion of the burden of taxation. If this project were launched under its own name and alone, it would have no chance of success. In vain is the net spread within the sight of any bird. It will therefore be necessary to try to divide democracy and to protect Protection by

surrounding it with other more attractive appeals to labour. This may be done by the new Prussian-Australianism which Mr. Lloyd George will probably introduce and for which he will secure the support of his captured Labour men. By Prussian-Australianism I mean a combination of the capitalist-bureaucratic organization of industry and commerce practised in modern Germany with the nationalist-labour policy of Australia. What our capitalists will want is Protection and high productivity of labour. This high productivity they now know to be technically and humanly feasible, provided they can get the assent of the workers to continue after the war the suspension of regulations restricting output and to accept dilution and other improvements in the organization of labour. In order to purchase these conditions of profitable capitalism, the Government in direct co-operation with syndicates of employers is likely to propose a system of guaranteed standard wages, unemployed insurance and pensions, with joint boards of national industry for the settlement of issues affecting the welfare of labour. Even the capitalists of the great export trades, who do not favour Protection, will support the main structure of this Prussian-Australianism as the best method of securing the harmonious and profitable working of capitalism under the new order.

CHAPTER III

TWO PROBLEMS FOR LABOUR

THIS new situation, arranged by a skilful coalition of capitalists and politicians, will present two problems of supreme importance to democracy. What attitude shall the workers adopt towards proposals for increased productivity? What attitude towards the State as controller of industry? These two problems, as will presently be shown, are not independent of one another. But it will be well to approach them by the way of the demand for higher productivity. Now, here at the outset we are met by deep suspicion on the part of labour. Increased productivity and the means of attaining it, i.e. dilution of labour, "scientific management," premium bonus and profit-sharing, workshop committees, etc., are, it will be contended, a capitalist dodge for getting more out of labour. In many labour quarters there exists a disposition to lump together for wholesale condemnation, without examination, all proposals which appear to be designed to make industry more productive. Even in pleading for a suspension of this judgment and for more discrimination, I shall here run the risk of being suspected of playing the capitalist game. Nevertheless, it is certain that if any industrial democracy, carrying a substantial improvement in the life of labour, is to be achieved, great advances in the

productivity of industry are necessary. The assumption that this necessarily involves a painful or injurious intensification of toil on the part of the workers is unwarranted. Increased productivity of industry is not synonymous with increased toil, though this may seem to follow from a narrowly conceived idea of labour as the source of all wealth. Improved organization of labour, the invention and application of better machinery and power, better methods of transport and marketing, access to better and more abundant materials, more intelligence and enterprise in the management, all these and many other factors contribute to enlarged productivity. But let it be granted that the full fruits of these other economies are in no small measure dependent upon the willingness of workers to remit some of those rules or usages which in the past have tended to restrict output and to hamper the best utilization of the available supplies of labour for producing wealth. Is organized labour going to use all its strength to secure a complete reversion to its pre-war attitude, while at the same time seeking to demand the retention and a further advance of the higher standard of wages and of living established during war-time in most favoured trades? In other words, is it going to hamper efforts after increased productivity, directing its efforts solely to securing for labour a larger share of the unenlarged body of wealth, or will it throw itself into the work of increasing the national output while at the same time using its economic and political powers to convert the increased wealth into higher wages, more freedom, better health, education and other opportunities for the nation as a whole? Let me briefly state the case for the latter policy.

The bad and unjust distribution of national wealth

which has hitherto prevailed is not the only vice of our economic system. Even had the pre-war income been equally distributed throughout the nation, there would not have been enough to secure for the average family the full requirements of a civilized modern life. If, after the war, we simply restored the pre-war output, reckoned at a maximum income of 2,400 million pounds per annum, we could not, even supposing that all rents, interest, profits and high salaries were thrown into the common stock, make a fully adequate provision for the popular well-being. At least 400 millions, or one-sixth of the whole income, would be required to take the shape of savings for the new capital which, under any economic system, socialist or profiteering, would remain necessary in order to provide for the growing population and requirements of the future. A further 400 millions, at least, must go for purposes of national and local government, even assuming that no new social functions were undertaken by the State, no increased military expenditure required, and that the whole burden of war-borrowings was cancelled by taxing the classes who had lent, so as to pay their interest and the sinking fund. Now, 1,600 millions' worth of goods and services, the real available net income, would not, distributed evenly among the population of the United Kingdom, reckoned approximately at 47 millions, yield more than £34 per person, or £136 for an average family of four. It is, therefore, evident that, even had all the capitalistic pulls upon this income been annulled, the amount of national productivity was not adequate to supply the full requirements of a progressive people. A civilized Briton wants and can make good use of more than can be bought for £34 a year.

The actual issue of productivity presented to the workers will, however, be far more acute. A mere return to pre-war productivity would seem to leave the workers worse off than before the war, and definitely worse off than the bulk of them have been during the most prosperous period of the war itself. For the normal play of economic forces will tell against them in their struggle for a larger proportion of the product. New capital will be relatively scarce and labour relatively abundant. This means that interest and profit will tend to be high, wages to be low. The damaged organization of labour during the war will facilitate this tendency to a fall of real wages, though the fall may be partly concealed by the maintenance of a high level of money wages. If, as is possible, the difficulty of making the world-demand for goods rapidly effective causes a fall in prices, the attempt to reduce wages from this high war-level will arouse struggles of unprecedented violence, with stoppages of industry that seriously diminish the national productivity. No temporary victories in such struggles can really serve to win for labour what it wants—more wealth, more leisure, more security, more opportunities of life. So far as ordinary private industry is concerned, it is impossible to reduce the market rate of interest and profit in the business world raised by the new conditions of shortage of capital, and to take this sum for the workers in enhanced wages. The attempt to do this is an attempt to apply suddenly in the world of private profiteering enterprise principles of distribution only applicable in a fully socialized community. Refuse the new capital that is required its high market rate, and one of two things happens. Either it refuses to come into existence (capitalists preferring to spend

their income rather than to save it at a low reward), or else it travels abroad and applies itself to work in Argentina, Egypt, India and China, with labour that is less "exorbitant" in its demands. Just here, no doubt, will emerge one of the new "nationalist" temptations which the protectionist-militarist-imperialists will dangle before labour, viz. an embargo or tax upon the export of capital, outside the Empire or the Alliance. This proposal will appear as an adjunct of Protectionism. Just, however, as it will evoke the opposition of powerful financial and commercial interests which have found profit in the development of backward countries, so its superficial appeal to labour will arouse suspicion when the "national economy" of which it is a part is fully comprehended. The retention of capital within the country, conjoined with tariff protection, will mean the rapid and easy organization of trusts and other monopolies, the absorption of more capital in labour-saving machinery and the increased "control" of labour by highly organized management, together with a regulation of selling prices which will place once more in the hands of capital an increased pull on labour in its capacity of consumer.

Moreover, be it remembered, this "national economy" with its mixture of Protection, conservation of capital, guaranteed maximum conditions for labour, is avowedly advocated by politicians and business men as an instrument for that very enhancement of productivity which the worker suspects as a capitalist dodge.

This tangle of cross-issues and appeals can only be safely traversed by labour taking new soundings and accommodating its policy to the new situation. I claim to have shown that a higher productivity of

industry than prevailed before the war is necessary, and that workers will be wise to admit that a considerable increase of output is an indispensable condition of popular progress. What they have to see to is that this increased productivity is accompanied by two conditions. The first is that there must be no net increase of toil or painful effort on the part of labour, the second, that labour gets as large a share of the increase as circumstances permit. Now by "circumstances" I do not signify merely the ordinary free play of supply and demand. I include the use of political strength to modify or overrule economic tendencies. This is where the connection between the two problems of the attitude of labour towards increased productivity on the one hand, and the State, upon the other, comes in. If the State be left out of account, I admit that it will be very difficult for labour to have any security of obtaining the advantages of any increased productivity it may be asked to promote. The presumption, we have seen, is in favour of capital taking the lion's share of this after-war product, and, even if the workers get something out of the enlarged product in actual wages, they could hardly look forward to any really considerable improvement of their condition.

It seems, therefore, evident that the workers' share of increased productivity must depend largely or mainly upon State policy. In the first place, the State will be the employer of labour over vast new fields of industry. If, as seems likely, the railways, canals, and dockyards, a large proportion of the shipping and shipbuilding trades, the coal and iron mines, the munition and a large section of the engineering trades, the liquor trade, together with insurance

and banking, either become fully public industries or remain under strong State control, as occupations of definitely "national importance," all questions affecting the conditions of labour, wages, hours, discipline, demarcation and settlement of disputes, assume a directly political aspect. Since these trades comprise a very large proportion of the best organized employments, the whole labour situation will be transformed thereby. The bargaining for improved conditions of employment will no longer be between trade-unions and private employers, but between trade-unions and the State. Even if some half-way house is found, as in the present arrangement in the railways and in the other controlled industries, where the direct management remains in private hands, the intervention of the State in all critical decisions must be expected, and both parties will certainly invoke the political forces open to their influence. Even where the industries are left in other respects to private enterprise, an increasing tendency for the State to intervene in labour contracts, and in matters of hygiene and accident, for the protection of the interests of labour, will certainly be manifested. Before the war the fixing of minimum piece wages by Trade Boards in an increasing number of "sweated trades" was accompanied by proposals to extend the same method to the great national industry of agriculture, and during the war large extensions of this method of industrial government have taken place.

But these are not the only urgent issues between labour and the State. The issue of taxation we have recognized as vital. Even were the State called upon to undertake no new expenditure on education and other social services, we see that every year the

Government will take something like a tithe of the whole year's product and hand it over to a class of investors, not as payment for the use of current capital, but as blood money, i.e. interest on war debt. The burden of this new parasitism will add greatly to the total proportion of the product passing to the capitalist class, unless taxation can be so applied that the full incidence of the burden falls upon the capitalist classes themselves. This would probably involve an income tax upon a considerably higher level than that of the war period, because the separate large contribution from war profits will no longer be available. It is no doubt possible that the railways, the post office, insurance and other nationalized services might be operated so as to yield a considerable income to the State. But it is exceedingly unlikely that such income could accrue to any large extent during the early years of the new experiments. It is more likely that considerable new capital outlays would be needed. The struggle of capitalism to shift the great new burden of war taxes on to the people by "broadening the basis of taxation" and to stamp upon new proposals of public expenditure for educational and economic developments will, therefore, mark a new era in fiscal politics. In this struggle organized labour must take a hand. For the maintenance of a high standard of public expenditure on socially productive services, and the issue of the methods of taxation, by which the ever-growing public revenue is to be obtained, are of fundamental importance to democracy.

CHAPTER IV

THE CONQUEST OF THE STATE

SUMMARIZING the economic situation as it confronts the people, we recognize that new economic functions of the State will be needed to stimulate and support the full employment and the high productivity required to meet the demands of the situation in order

- (1) To pay the high interest for new capital in private industry and for war debts,
- (2) To furnish a high standard of real wages and leisure,
- (3) To meet the enlarged requirements of a progressive State in the provision of social services.

This being the situation, the disposition in some labour quarters to give the go-by to the State, as a capitalist instrument, and to fall back upon new plans of co-operation, trade-unionism, or syndicalism, in which the State either plays no part or one of relative unimportance, is seen to be as indefensible as the disposition to reject the movement towards increased productivity. Whatever may be the vices of a capitalist State, there is only one remedy, viz. to convert it into a democratic State. The notion, sometimes entertained, of an industrial system

completely self-governing, and running the economic services of the nation by gild-committees representative of the brain and hand labour employed in the several industries, evades far graver difficulties than it seems to solve. The attempt to build in a federation of these self-governing industries an economic State virtually independent of the political State will not bear close criticism. Setting aside the initial difficulty of displacing in the several businesses the existing capitalist control and the profiteering motive, three problems for which no real solution is offered present themselves. The first is the relation of the several trades, now labour-trusts, to one another. The workers' committee in each trade would possess all the powers possessed by a capitalist trust in dealing with other trades dependent on its product. There is no intelligible way, for instance, of settling the price at which the coalminers' gild should supply coal to the railway or the steel-trade gild, or, indeed, how any industry should regulate its dealings with any other dependent or supplementary industry. In other words, no law, or logic, or principle of obvious equity, exists for the distribution of the general body of wealth among the claimants grouped under their respective gilds. It is usually proposed that the various industrial gilds should meet in a representative industrial congress, and that they should there adjust their claims. But no principle of satisfactory adjustment exists for the claims of a number of monopolists. The tendency would be a distribution according to "pull," as is the case with capitalist trusts.

The second problem is the relation of the consuming public to these producer-gilds. The producer's tendency to restrict output and raise prices, where all

trade competition is withdrawn, so injuring the consumer, is not adequately met by the consideration that in such a society as we are contemplating all producers would also be consumers. The trouble is that the proletariat will continue to realize its interests more clearly as producers than as consumers, and will be far more strongly organized to enforce them. Even if a strong consumers' co-operative union confronted the industrial gilds and their congress, no rule of reason can be suggested for the adjustment of their divergent claims. The mere fact that the producers are the same persons as the consumers furnishes no such rule.

Thirdly, the theory of the separate functioning of industry disregards the close interaction of economic and other factors in social life and government. The notion of a political State, which runs the services relating to internal and external order and is only concerned to intervene in industrial affairs at a few reserved points of contact, will not bear criticism.

The abler exponents of Gild Socialism have realized in some degree these difficulties. Some of them would assign to the State the ownership of the material instruments of production, though their use and control would be vested in the workers in the several industries. The relations of the producing groups and the consuming public on the one hand, and of the economic system and the political system on the other, might, they hold, be regulated by a Government in which the Gilds' Congress and the State should take concerted action, so as to reconcile the divergencies of interest above mentioned. But, so far as this reasoning has been carried, it seems to go no further than a proposal for setting up an intra-national Balance of Power fraught with the same defects and

dangers as the international Balance of Power. What is needed for the self-government of Society in the essentials of subsistence and security is the organic instrument of a democratic State. A virtual assignment of the government of the essential industries to another social order, that is either outside the State or only loosely and slightly attached to it, affords no organic democracy. The real contribution made by this new ferment of Syndicalism and Gild Socialism is towards a radical reformation of the democratic State, by insisting upon a proper representation in it of the productive, or functional, grouping of the people. The failure of democracy is justly attributed in large measure to the fact that residential areas are not in themselves adequate units for the electoral expression of the general will. Neighbourhood is too feeble a bond of interest or of spiritual community. It needs, however, not to be replaced, but to be reinforced by the closer community of the workshop, the craft, the profession. But this reinforcement is not achieved by endeavouring to make a severance between the economic and the non-economic functions of organized society. Such severance is impracticable. There is no political function of the State which does not and must not engage some distinctively economic activities, not merely by its claim upon the public revenue, but by the fact that its performance directly cuts across and interferes with business operations. Police and morals, public health, roads, and ordinary public utilities and amenities which must remain in the hands of public authorities, everywhere involve claims on property and industry to the settlement of which the paramountcy of the State is indispensable.

The true solution, it appears to me, lies in a recognition that the State must incorporate within itself, for the better performance of all the social functions it performs or supervises, direct and effective representation of all the workers who contribute to these several functions. If the mines are nationalized, it is not right or safe that the miners alone should determine either the desirable output, or the respective destination or price of the coal they turn out, or should allot to themselves in wages or other terms of employment whatever share of the value of the output they choose. Their labour is an important—if you will, the most important—contribution to the value of the coal. But it is not the only contribution. The needs of the other trades and of the private consumer help to make that value and should be duly safeguarded in the government of the coalmining industry. This principle evidently is applicable to all other industries. Every industry is a social service, rendered primarily by the labour of the workers in it, but rendered not to those workers but to the whole body of society. Both the special and the general interests ought, therefore, to be represented in the control of the industry.

The objection to State administration or State interference on the part of the workers is due to a feeling that the creation of a genuinely democratic State, in which the interests of the people, either as workers or citizens, shall be really paramount, is either an impossibility or an ideal too remote for practical consideration.

But, if the common people are to have any power over their material and moral destiny, they must obtain the mastery of the political State and make it into a State whose officials they can trust to do their

will and secure their interests. They cannot, in any case, stay the process of State Socialism and the undertaking of an increasing number of important economic functions by the State. If, therefore, they throw their efforts mainly into non-political organizations, they will see these new functions, including such vital services as transport and credit, passing under the power of officials subservient to the profiteering interests that control the present State. Their present well-justified suspicion of the State should be the chief incentive to the task of democratizing it. Take a single test. Under present circumstances working men who recognize the folly and the criminality of wars between nations, and are anxious to endow some international Government with powers to compel settlement by equitable processes of arbitration, are vehemently opposed to the introduction of any analogous process of compulsory arbitration into industrial disputes. Why? we ask. Why should a group of employees and employers in some single trade, such as mining or railways, disputing about the interpretation of a wage agreement or some other matter affecting their special interests, be allowed to involve in hardship, loss or ruin the members of other trades and the whole body of consumers, because they insist on fighting out the issue by force instead of submitting it to a public process of justice? The answer is, of course, not that the workers who insist upon the right to strike really believe that this is the ideal way of settling disputes, but because they distrust the principles, the processes, and above all the persons who would represent the State in an arbitration. Until a democratic State is won, industrial peace must, therefore, remain impossible, and the general public must submit to

the growing perils and damages of an industrial warfare within the nation which will become more bitter and more injurious as the forces of capital and labour become better organized, as has happened in military warfare.

Industrial and social safety and progress, therefore, demand the successful capture of the State by the people. This does not only or chiefly mean the predominant power of a Labour or a "populist" party in the House of Commons, with power to compel the Government to adopt democratic measures. A thoroughly democratic franchise is of course a first essential to any effective exercise of the people's will. The reform proposals in our electoral system must not merely add more power to the parliamentary machine, but must greatly improve the quality and the direction of that power. When women are admitted to their full rights and duties as electors and representatives, the great preservative and constructive powers which belong to their sex in the general economy of nature will for the first time make their impress upon the art of politics. The sheer magnitude of this new contribution, changing as it may the very texture of all governmental processes, cannot be estimated.

But the stress laid upon the more showy character of elections, parliamentary representation and legislative action, must not be allowed to hide from us the important truth that, as the governmental machinery of a great modern State grows in complexity, more and more of the real governing power is of necessity vested in administrative officials. Most modern laws are merely rough sketches, leaving the important concrete substance to be filled in by Orders in Council or departmental fiat. The private

personal opinions, sentiments, interests and attachments of the first-class clerks of the Civil services and their legal advisers are, therefore, of determinant importance. Now the drafting, the filling in and the administration of Acts of Parliament are performed by men who for the most part are born in well-to-do families and have throughout their life consorted exclusively with members of the upper classes. The same is true of the higher and lower grades of the judiciary, before whom come for decision disputed issues of law and fact. The profession to which all the members of the higher Courts belong is, as we have recognized, in its social status and associations the most aristocratic and plutocratic of all, and the anti-popular bias exhibited by highly paid and virtually immovable judges constitutes a grave scandal to the common cause of justice. The small leaven of working-class representatives in the local magistracy goes a very little way towards mitigating the grievance, which is at every stage worsened by the inability of the working-class complainant or defendant to pay the heavy costs of contesting his case on equal terms with his wealthier opponent. This wrong is particularly flagrant in cases relating to disputes between workman and employer, where the lack of power to stand the costs and risks of an appeal to a higher and a more expensive court virtually extinguishes whole grades of justice.

Political democracy, if it is to come into effective being, must grapple successfully with this situation. Men fairly representative of the common interests of the people must be substituted at the focal points for the present guardians of class interests. The Civil services, the judiciary and the magistracy as well as the legislature, must be manned by men of the

people, if we are to have anything better than the sham self-government which has hitherto prevailed in the so-called liberal nations of the Western world. Now, no sudden popular upheaval of democratic sentiment expressing itself at a general election can achieve this. It stresses a democratic need that is not primarily economic or political, the need of education. As long as the reactionary forces can keep the people from getting a liberal education, they may look with complacency upon every democratic movement. So long as they can keep down the common schooling to the level needed for the clerk or shop-assistant, with information and intelligence nicely adapted to the suggestions of their cheap Press, they have got "the people" in hand. Half a century ago they were foolishly afraid of a popular franchise and the machinery of democracy. They know better now. That is why Parliament has been easily induced to make the recent approaches towards complete adult suffrage in our electorate. Experience has taught our class rulers that the working-class movement in politics is innocuous so long as the mind it expresses is the mind of a mob. So their party machinery, their Press, their handling of political and social issues, have been continually directed to making and preserving a mob-mind, fluid, sensational, indeterminate, short-sighted, credulous, uncritical. For in such a mentality there is no will of the people. Under such conditions it is easy for the ruling and possessing classes to confuse the electorate by dangling before their eyes specious but unsubstantial benefits, to divide them by conflicting appeals to trade or locality, to subject to undetected mutilation any really inconvenient or dangerous reform, and, in the last resort, to drag across the path

of policy some great inflammatory national appeal to passion. Until the people evolve an intelligent will capable of resisting these influences, a real democracy continues to be impossible.

Better and purer education is then the first essential. This does not imply a high standard of intellectual culture generally diffused throughout the people. We need not deceive ourselves by false assumptions of equality in human nature. It may well be the case that the majority in every grade of society is not susceptible to the appeal of a definitely intellectual life. What is needed is such free access to intellectual opportunities as shall produce in every social environment a considerable minority of able and informed minds, and a majority whose minds are sufficiently alive to choose, to trust and to follow the leadership of this intellectual minority. Common sense for the many, a wide intellectual outlook for the few, and a popular will to which both contribute—these are the requirements. Though the organized instruction of schools and colleges only forms a part of the needed education (mainly comprised of personal experience in the home, the workshop and the neighbourhood), it is an exceedingly important part for the purpose which we are immediately considering, viz. political power. For a new series of conflicts is going to be fought round the Education Question. We have already seen that the ruling and possessing classes recognize the necessity of some sort of higher education for those whom in playful derision they once called "their masters." The modern technique of capitalism demands, not only a larger measure of specialized manual skill, but some slight scientific knowledge and some trained capacity of thinking, for large numbers of employees.

Employers have learned that high technical efficiency requires some cultivation of general intelligence. Their problem, as we saw, is to prevent this education of general intelligence from becoming a source of dangerous class consciousness. This can be done, their educationalists think, by introducing certain "wholesome" influences into the processes of education and producing a certain atmosphere. This issue is no novel one. The hold of the Churches on the schools has always had as one of its aims the use of spiritual soporifics to allay the discontent of the poor with their humble status. This has been the special service always rendered by the Church to the ruling classes in the State. But the reactionists, recognizing that religion has lost a good deal of its ancient hold upon the masses, plan a more audacious policy. They propose to impose their own social dogmas, militarism, imperialism, protectionism, exclusive nationalism, as a new religion upon the teaching and discipline of the schools of the people. Everywhere in the teaching of history, geography or literature, the emotional bias of "patriotism" is to prevail, while the elements of civics and even of biology are to be exploited so as to impress class discipline, national pride, the duty of prolific parentage, race hostility, and to divide popular solidarity at every stage by presenting life as a competitive struggle instead of a human co-operation. Not only is this "religion" to pervade our teaching, but it is to be enforced by military and patriotic rites and exercises upon the plastic mind of the young citizen. This Prussic acid is already being pumped into our boys and girls, with the object of quenching the spirit of liberty in thought and action. The human mind is not to be trained to the free handling of facts and

their disinterested interpretation, but to be cabined, cribbed and confined by the acceptance of a selected, distorted and impassioned view of the world in which we live and our conduct in it. Military drill, the worship of the flag, Empire Day, and other "national" saints' days, the whole tenor of the *esprit de corps* and the "atmosphere" of school-life are to be directed to produce effective fighting patriotism. If reactionists are allowed to hold these intellectual and moral fortresses, they can afford to snap their fingers at the working-class movement in industry and politics. For the people will not be able to produce the minority of liberal-minded leaders they require, and the common sense needed for the compact majority of followers will have been poisoned at the source.

Nor is it only a question of the elementary schools. The whole system of secondary education and the new universities to which the people have access in our great industrial centres will, if permitted, be turned into forcing houses for militarism, imperialism and exclusive nationalism, and the teaching of history, economics and civics will be insidiously directed to construct intellectual defences against the inroads of democracy. If democracy is to have any chance of survival and growth, the fight for liberty and purity of education must be fought and won without delay. For the war leaves an aftermath of popular suspicion, credulity and animosity particularly favourable to the intellectual and moral cause of reaction. The herd-mind which years of national peril and of conflict has evoked may easily be induced to commit itself to after-war policies fatal to personal liberty, to peace and to democracy. To maintain the fears and fervours of this herd-mind and to turn them into grist for the capitalist-bureaucratic-military mill is

the avowed intention of the spokesmen of reaction. School, Press, Church, party, are all being dragged into the service, and the money of plutocratic donors will furnish the supplementary funds and evoke the desired intellectual response.

I am not here writing a general treatise upon education, but discussing it in its special bearing upon the struggle for democracy in the immediate future. We approached the subject from a recognition of the need for the democratization of the administrative services, recognizing that so long as these posts were left as a preserve of the well-to-do classes, popular government was not attainable. Equality of educational opportunities is one key to this position. But another is reform of educational methods and values. Here are two dangers, two diverse and opposing plans by which reactionism has striven to defend itself. One is the retention of obsolete mediæval curricula, the artificial culture of a leisured master-class, exhibiting its unearned wealth in ostentatiously useless and decorative "accomplishments." If a small minority of clever working-class boys can by judicious selection be brought into this atmosphere of higher education, such an opening of opportunity will be far from harmful to the oligarchy. It will draw from the service of the people the picked brains of their sons and fit them for the work of helping to manage the "lower orders." This has been the method hitherto found satisfactory. Certain concessions to modernism have been made in subjects and methods of teaching, but the social and intellectual atmosphere of higher education in all its stages has been kept immune from dangerous influences. The new pressure for popular opportunities can, however be rendered

innocuous in another way. Instead of directing the latent intellectualism of the workers into enervating paths of class culture, it is possible to press it into utilitarian moulds, by overstressing the importance of the applied sciences and purely technical accomplishments to the detriment of any broad personal culture. This seems to be a doubly advantageous defence of capitalism. For while, on the one hand, it diverts the people's intelligence from the sorts of knowledge that yield political power, on the other, it harnesses their brains, as well as their muscles, to the chariot of profiteering industry.

Democracy must, therefore, prepare for two great struggles in the field of education; one against the attempt to keep down to a low level the national expenditure on human culture, while making due provision for scientific and technical instruction of a directly utilitarian order; the other against the degradation of such human culture as is provided by the intrusion of sedatives and stimuli devised for interested purposes of "defence."

CHAPTER V

THE CLOSE STATE *VERSUS* INTERNATIONALISM

THIS great struggle between the forces of democracy and those of the capitalist oligarchy will not be permitted to appear so definite in its outlines as it is here presented. For, if the people could really get to feel and understand how much is at stake, such feeling and understanding would vastly strengthen that subtle and imponderable element, the conscious will to victory. An accurate instinct of class self-defence will, therefore, lead the reactionists to do all that is possible to obscure the issue, and in particular to pretend (or even to believe) that they are not fighting against democracy or for the defence of class power and privilege. Their most conscious tactics have been long foreshadowed under the loose title of Tory Democracy. These tactics will be directed to two main ends. The first is to confine the political and economic movements of labour within the limits of nationality, expelling the elements of internationalism. The second is to conserve their own political and economic supremacy within the nation by every sort of concession, economic, social and political, consistent with the maintenance of that supremacy. Such is the "national" policy at the head of which in this country Mr. Lloyd George (or his successor)

will place himself. It will offer a whole world of socialistic and democratic reforms, on condition that the people fall down and worship it. I have already indicated its nature under the description of Prussian-Australianism. It will be replete with boons and benefits to the working-classes, guaranteed standard wages, limited hours of labour, provision against unemployment, better housing, free medical service, access to the land, facilities for co-operative enterprise in agriculture and industry, and "a voice" in the control of the workshops and the trade on matters affecting labour, combined with "scientific management" under various designations. There will be adult suffrage for men and women, minority representation, possibly a referendum. A castrated Labour Government may even seem to be a possibility of the near future.

Only one general condition will be appended, that of close nationalism, the organized national or imperial State, self-sufficing in all the essentials of government, economics and defence. Internationalism in the shape of an effective all-inclusive League of Nations is not, we shall be told, a presently practicable idea: the stern facts of life in a dangerous world forbid a nation or an empire like our own to place its destiny outside the limits of its own control. Such international alliances as it may cultivate must, therefore, be confined to chosen friends, and must in no case involve any concession of national sovereignty. Our empire must be the largest area of organization: to the development of its resources and the cultivation of its sentiment of unity all considerations of foreign relations must be subordinated. This nation and this empire must be strengthened by special measures of a constructive and corporate

kind. There must be concerted action for imperial defence, involving the maintenance of conscription and of a great standardized military and naval power. The necessity of this defence, derived from the refusal of internationalism, will itself involve the formation of a close imperial federal State, in which the world-politics, hitherto controlled by a British Foreign Office, will be delegated to a representative Imperial Cabinet or Council, which the self-governing Dominions will be invited to join, to guarantee the orderly subjection and the profitable exploitation of the subject peoples in India, our Crown Colonies, and our Protectorates.¹ Protectionism, primarily, as we saw, a special brand of capitalist plundering, will be presented as a necessary measure of defence, a policy of imperial and national organization. We must have all our "key" industries under our own flag. Public finance as well as commerce must be adapted (upon German lines) to this scientific exploration and exploitation of the Empire. The necessity of having ample supplies of all important foods and materials within our political area of control will impel us to new measures of imperial expansion, in competition with rival empires, for rich supplies of copper, iron, rubber, oil, cotton, nitrates, discovered in unappropriated backward countries.

Now, it is idle to deny that such a scheme has powerful appeals to the more innocent and uninstructed workers in this country, as in France and Germany. In all countries some Labour leaders can

¹ The Empire Resources Development Committee, upon which sat five members of the late Government, had an interesting scheme for "imperializing" the land of our tropical dependencies and forcing native labour to grind dividends for private companies and revenue for the State.

be won over to adopt it as the largest, safest and most immediate measure of Socialism and democracy that is available, and a large support will be given by a rank and file whose mind is still inflamed by the passions of the war. The atmosphere of envy, hatred, malice and suspicion will be favourable for fastening a separatist system upon our politics and trade, and for "keeping ourselves to ourselves" by setting up barriers against "the foreigner," visualized primarily as the Hun, but easily extended to include all nations who did not fight upon our side in the great war. Hitherto, we shall be told, the nations of the Western world, and Britain especially, have been drifting rapidly towards an economic internationalism, the peril of which has been exposed by the war. Safety, progress and social democracy can only be realized within the limits of the national or imperial State, for only within these limits can the political organization which Socialism requires be made available. A nation, to be strong and safe, must rely upon its own economic and human resources. The working-class "international" is little more than a vague humanitarian sentiment. It is and will remain devoid of political or economic reality. Of the two opposing forces, Capitalism and Socialism, it is the former, not the latter, which is in its proclivities international. French logic poses the issue in the following sharp antithesis:—

Capitalism needs peace in order to live and grow: it is international in essence and in organization. Socialism, upon the other hand, though it may hate war, has nothing that is inconsistent with the narrowest nationalism. It is a pure accident that it has hitherto affected, especially in France, a humanitarian and internationalist form. It is national Socialism that must rank as the least chimerical

and the most logical of socialisms. For Socialism can only be realized theoretically in a closed State, shut within stiff barriers, whose economic equilibrium is not liable constantly to be upset by external occurrences.¹

But this close State of national, imperial structure, is not the sole resource at the disposal of Western capitalism for the defence of its property and industrial control and for the frustration of genuine democracy. The Peace Terms, in which the Covenant of a so-called League of Nations has been incorporated, carry the framework of a still bolder project, the true nature of which is hidden under the cloak of internationalism itself.

The project introduces itself under the title of world-order. Why should not the ruling classes of the most powerful Western Allies undertake in the name of pacific internationalism the political government and the economic exploitation of the weaker peoples and the less developed countries of the world? Adding to their existing empires, strengthened and enlarged during the war (Britain by the formal annexation of Egypt, France by that of Morocco) the colonial possessions of Germany and the greater part of Turkish Asia and Persia, as "mandatory areas" under the League, Great Britain and France will have in their hands the bulk of Africa and South-Western Asia. They may even be obliged to accept large responsibilities for the administration of the "derelict empire" of Russia. A firm alliance with the United States would place the three great Western Powers (or four, if Italy were admitted as a junior partner) in virtual control, political and economic, of the world. The Allied Fleets of Great Britain

¹ Alfred de Tarde, "L'Europe court-elle à sa Ruine?" p. 25.

and the United States, with French militarism entrenched in the heart of Europe, could police the world in the name of international order, and force their decisions in their international courts upon the smaller members of their League or upon unruly outsiders. The Monroe Doctrine for the United States in South America and the "special interests" already conceded to Japan in China would reinforce the general arrangement.

It is difficult to read the Covenant of the League of Nations without perceiving in it the contemplated possibility of some such outcome. The application of the mandatory principle, as interpreted in actual arrangements, would bring so large and important an accession to the empires of Britain, France, Italy, and perhaps America, as to open up a new phase of capitalist imperialism that might serve to postpone indefinitely the coming of democracy. The political expansion contained in this scheme is less important than its economic implications. The financial and commercial trusts and syndicates in this little group of Western nations, assisted by their Governments, would everywhere have exclusive or preferential control of the natural resources and the labour-power of the mandatory areas entrusted to them under the formal supervision of a League, the real management of which is vested in their representatives upon the Council. The "annual report" which the mandatory is to present to the Council could, therefore, afford no real security for the conservation either of the rights and interests of the peoples subjected to this treatment, or of the other industrial countries interested in commercial access to these mandatory areas. No one can doubt that under this mandatory system the resources of Mesopotamia would be

developed by British syndicates for their private profit, and that Syria would be similarly exploited by French syndicates. The stipulation of the Covenant, that "equal opportunities for the trade and commerce of other members of the League" shall be afforded, is only made applicable to certain sections of the mandatory areas, and experience shows that such "equality" can never be enforced against the interests of the traders of the country in which the administrative government is vested. For the rest, we are informed that the League "will make provision to secure and maintain freedom of communications and of transit and *equitable* treatment for the commerce of all members of the League." The substitution of the term "equitable" for "equal" is significant. Nowhere is the preferential treatment of the traders of the mandatory Power even formally precluded. But even were equality of trading rights secured for all, such rights are of quite minor significance as compared with the monopoly of investment and developmental work enjoyed by the members of the Power wielding mandatory or other governmental control. The organized exploitation of the resources of tropical and other rich backward countries by the business representatives of the Western nations with servile masses of aboriginal or imported labour is the big economic enterprise that is looming on the horizon. The mandatory clauses of the Covenant furnish the political machinery for the completion of the process by which Western Europe has absorbed in colonies and protectorates so large a section of the earth. The latest arts of industry demand ever increasing supplies of vegetable and mineral oils, rubber, metals, textiles, and food-stuffs, which can only be supplied abundantly from hitherto un-

developed sources in these backward countries. These countries are now all marked down for economic exploitation, with the requisite amount of political coercion, by the great Western Powers. The business firms favoured by these Powers, acting separately or in agreement, will be able to organize the required quantities of cheap submissive labour on the spot for the plantations and mines, and the collection and preparation of the exportable commodities. The railways and roads, the docks and the shipping lines will be in their hands, together with the commercial and financial apparatus for exporting the tropical and other products to the home-countries, where bodies of well-paid, short-hourcd, and contented Western workers, employecs of the great combines, may by scientific manufacture transform them into serviceable shapes for consumption. If the hitherto untapped and uncultivated resources of Africa and Asia, South America and the Pacific Islands can be thus placed at the disposal of the business syndicates of the Western industrial countries, capitalism may be able to "square" labour in these countries by making it a partner in a great sweating system which will substitute the exploitation of foreign subject peoples for that of the Western working classes. If this is the way of securing property and winning industrial peace at home, the drive of combined political and economic forces will continually move more strongly in this direction. The underlying idea of substituting a racial for a class cleavage, and for bringing under the shelter of exploiting capitalism large favoured proletariats, perhaps to be transformed themselves into little shareholders, is not clearly developed even in the minds of the big financial and other business men whose plans are based upon the possibilities of

such a profiteering future. It has not got to be a conscious, clearly-thought-out design. Indeed, its execution would be hampered if its full shape and meaning were openly avowed. This was well illustrated by the rash conduct of the Empire Resources Development Committee early in the war in advertising its scheme for "imperializing" the land of our tropical dependencies and forcing native labour to grind out dividends for private syndicates and revenue for the Imperial Treasury. But this great new parasitism, the next, perhaps last, phase in the development of capitalism, by which the organized white peoples of the West exploit the coloured races and the backward countries for their private wealth and ease, may manifest itself as the natural drift of tendency for the imperialist nations in these troublous times.

In any case, a more thorough and effective development of the resources of these backward countries is certain to be set on foot, with capital and organizing personnel drawn from the centres of these Empires. These great importations of materials and foods will be essential to keep our home industries fully employed and our home populations satisfied. They cannot be bought by their full equivalent in export goods, for under what may be termed the natural operation of free exchange, the prices of raw materials and food-stuffs would for a long time to come remain on a higher level than the prices of manufactured export goods. Thus there will be the strongest possible inducements for business syndicates developing and controlling the foreign supplies to organize the labour and other costs of production on "cheap" terms, i.e. to employ forced or sweated labour and to use Governmental aids to

obtain concessions of land and other business opportunities at small cost to them. Much, therefore, of these tropical and other overseas products will come into the Western countries as rents of monopoly or high profits on low-paid native labour. A portion of this surplus gain can be utilized to support a relatively high level of comfort for the Western working-classes, who will insist upon higher real wages, shorter hours, adequate provision against unemployment, ill-health, old age, and other emergencies. The workers would take their share partly in high money wages, partly in low prices for imported products, partly in social services rendered by a State which drew a large tax-revenue from leasing "Crown lands" in the colonies and protectorates to licensed business syndicates, and from taxation of the high incomes derived from this exploitation. By such political-economic policy it might be possible for the capitalist classes in the West to buy industrial peace at home. I doubt if any other means of making the necessary concessions to "the claims of labour" without endangering their mastery is available. This, I think, is the great temptation to which the organized workers of the West are exposed, the offer to come into a limited International, under which both capital and labour in an oligarchy of great nations shall "live upon" the rich natural resources and the subject peoples of the backward and the undeveloped countries. An oligarchic League of Nations, exercising protectorates and mandatory powers over the greater portion of the weaker peoples, can make this great extension of capitalism under the guise of pacific settlement, trusteeship of "derelict empires," and the organization of the latent resources of countries declared to be incapable of political and economic self-government.

Whether the organized workers of the so-called Western democracies will have the humanity, the justice, the foresight, and the courage needed to resist this temptation will be perhaps the dominant issue of the near future. If they yield, they sell the substance of democracy and internationalism for a share in the profitable exploitation of the weaker peoples of the earth.

Whichever line of defence the Capitalist-imperialists adopt, they will make a strong appeal to our workers. The practical failure of the international factor of Socialism in August 1914 will be taken as testimony to its merely sentimental character. Working-class socialists who mean business must therefore build upon the broadest practical foundation open to them, their national organization. They will be told, "You have your national resources under your own control, if you organize your political and economic power. The war has achieved a large measure of State Socialism which you have only to retain and to administer for working-class purposes. The British self-governing Dominions have already committed themselves to this path of advance. March with them in working out an imperial social democracy, without waiting for the more backward nations to achieve the slow and difficult task of reaching a level of political liberty which will make the international union a possibility."

Such a plea for close nationalism, however, will only seem plausible so long as it remains in the region of general phrases. Can the civilization of the world henceforth live in separate national compartments? Though political internationalism has not gone very far, economic internationalism has. The whole material and moral basis of modern life is laid in a

most elaborate network of commercial, physical and personal communications, by which the members of all advanced States have been brought into close and continual co-operation for many of the essential services and activities. To withdraw from these communications, or in any way to weaken them, would be a signal damage to the life even of the French people, who are more self-sufficient for the essential services of life, economic and moral, than any other great European nation. For Great Britain the shock and injury of such a reversal of her activities would be incalculably great. The entire body of our economic system, on its productive and consumptive sides, has been nourished upon the freest available access to all markets, all national supplies, all economic opportunities throughout the world. A large and growing proportion of our wealth has been obtained by organizing and controlling the supply of international communications, in transport, commerce and finance. We cannot achieve the close imperialism or nationalism to which we are invited without abandoning these great and profitable functions of internationalism. The closer economic unity of the Empire could furnish no compensation for such a surrender of our wider economic rôle. That Empire cannot be converted into a "close" economic system capable of furnishing all the requirements of its inhabitants from its own areas, vast and varied though they are. A single test-fact will suffice to prick any such pretence. Four-fifths of our wheat supply comes from overseas. Now, in a year of bad harvest, 1908, our Empire only furnished 24 per cent. (less than one quarter) of our importation of this necessity of life. Almost the whole supply of some of the necessary materials for our staple manufactures,

such as cotton, rubber, petroleum, nitrates and potash, are drawn, and must for a long time be drawn, from countries outside our Empire. Any experiment in a close imperial or national system, supported by Protection, must grievously impair our access to these foreign sources of supply which have hitherto poured into our open ports. Though Free Trade has historically been associated with a capitalist economy, no British State, however socialistic in its inner structure, could afford to tamper with the free importation of foreign goods or to confine within artificial barriers the operation of British shipping and finance.

The first objection, therefore, to close nationalism or imperialism, is that it is unsafe and impracticable from the economic standpoint. Another objection, equally vital, is that such a "Socialism" as it promises could not be democratic. It is, in fact, part of a design to substitute a new sort of capitalism, under the name of State Socialism, for the competing capitalism which had reached its zenith and was doomed to pass away. Under this State Socialism the ruling and possessing classes would retain their power, their property, and their profitable control of the workers. Great landlords like Lord Derby, mining and rail magnates like Lord Rhondda, prosperous capitalists in grocery or newspapers, like Lord Devonport and Lord Northcliffe, would continue in peace, as in war, to organize the national resources in the name of a State which had thrown off all real control of Parliament and the electorate, and consisted of a confederacy of these big business men with their permanent staffs of Civil servants and their changing staffs of politicians to do the necessary legislative business in conformity with the empty usages of representative government. This new capitalism would be stronger

and more profitable than the old. For the trades it ruled would take two shapes. Some would be State monopolies, in which high wages of management would form the smallest part of the spoils, the great "profiteering" opportunities being found in the subsidiary trades contracting for the State monopolies. The real strongholds of profiteering would be found in the cartels and syndicates which, in close imitation of Germany, would soon emerge as the results of a union of State control and Protectionism, and in the restoration of a British Junker Squiredom flourishing upon the high rents of a subsidized and protected agriculture. The aim would be to secure such State control as is consistent with the largest liberty and opportunity of private profiteering. If wasteful competition within each primary industry can be repressed and labour can be coerced, cajoled or bribed into a policy of better discipline and higher productivity, a solid foundation for this new capitalism is laid. It will be said that this presumes overmuch upon the submissiveness of labour and its blindness to the meaning of the new bondage. But here comes in the contribution of other reactionary forces. The experiment in war-policy is itself a rough draft of what the new capitalism requires. The problem is how to extend and consolidate this system as a permanent peace-policy. In order to succeed in this it would seem necessary to retain, as far as possible, the motives and stimuli so effectively applied for the duration of the war. This means the retention of the general feeling that we are living in a dangerous world and that we are liable at any time to be subjected to the perils of another war. If this war were really made "the war to end war," and were followed by an era of security, general disarmament and the

development of a solid international order, the new capitalist world would be unattainable. The attempt is, therefore, certain to be made (not with clear, conscious intention, but by the drift of selfish interests which we have seen to be the ordinary *modus operandi*) to keep this country and the Western world in a sufficiently unsettled state to reconcile the workers to the necessary subjugation and restraints. This is the chief significance of the Paris Economic Conference, its economic supports for the present Alliance after peace is concluded, its boycott of the Central Powers and all the accompanying Protectionism. The effort, and the implicit purpose, is to stop the resumption of free international commerce, to set up lasting economic conflicts in Europe, and so to render impossible a real League of Nations. This policy would ensure a dangerous world. It would justify the maintenance of military conscription and great competing armaments, thus providing for the discipline of the working classes and the forcible repression of any proletarian movement, economic or political, which threatened the public order. While playing directly into the hands of the great armament businesses, it would also furnish the requisite stimuli and instruments for the further pursuit of an imperial aggrandizement which in its turn would evoke the competition of other aspiring empires and so once more react against security and internationalism. While, therefore, a closed State, national or imperial, might be socialistic in economic structure, it could not be democratic in government. For it is not only actual war that is seen to be incompatible with democracy. Potential war is seen to be likewise incompatible. Now the nationalism, imperialism, militarism, Protectionism of a "closed State" are

potential war. They are a reversion to a state of things which, regarded from the international and human standpoint, is literally anarchy. Such industrial harmony, or Socialism, as might conceivably exist inside this closed State, must be subordinated to considerations of national defence. Its primary function must be to contribute the maximum economic strength for the emergency of war. Its industry, transport, commerce and finance would be organized with this end consciously in view. Only such "social reforms" as contribute to this end could be adopted. Rural development would aim exclusively at food supplies for a besieged country and a large sturdy population for cannon-food. Railways and roads would be primarily strategic. Mining, engineering, shipbuilding, chemical, and other industries of direct military or naval value would be controlled, subsidized and otherwise artificially stimulated, such favourable terms of employment being accorded as would maintain an adequate supply of highly productive labour. Other occupations would be graded as of greater or less national importance according to their presumptive utility, material or financial, for purposes of war. Commerce would, so far as feasible, be confined for all essentials to the limits of the nation or the empire, for non-essentials to a restricted circle of allied or friendly Powers. Shipping would be directed by State-owned, controlled or subsidized lines, along imperial and other prescribed routes. The intellectual and spiritual life of the closed State would be regulated by an educational policy, a Press and art censorship, a religious and a recreational system, prescribed by political power and enforced by all the modes of authority and influence which we have already explored. Not only the material life of

the people but its soul would thus be nationalized and militarized under the closed State. Democracy could have no place in such a State. In industry, as in politics, the Government, dominated in all matters of importance by considerations, not of general human welfare, but of national defence qualified by business pulls, must impose the arbitrary will of political and business rulers and their paid agents upon the people. Though the forms of popular self-government might survive and even be extended, not merely in the field of politics but of industry, the dominant purpose of the closed State would quench the spirit of popular control wherever it asserted itself. For the closed State must remain a military State, and all the sacrifices which the people have made in war would be riveted upon them in the intervals of rest from war entitled peace.

This diagnosis will seem to some an exaggeration. Possibly it is. For it presents the logic of the closed State, working more clearly and cleanly than would be the case in Great Britain. The evolution of this new national order would emerge blurred and crossed by conflicting tendencies. The capitalist forces, as we know, would be themselves divided. Those with international associations would struggle against the rigid nationalization of the new order, and might make common cause with the more enlightened sections of labour. This division of capitalist forces has served in recent years to retard the evolution of the reactionary movement in this country, not only towards Protectionism but towards militarism, bureaucracy and the general system of the close State. After the war, strong elements of this opposition may still survive and by means of *ad hoc* co-operation with the socialist workers may put heavy obstacles

in the path of the constructive policy of reaction. In thus acting, their particular trade interests will be fortified by a recognition that the costs of the expensive militarist-Protectionist policy must chiefly fall on them. Trades which possess a profitable pull upon the State, in tariffs, subsidies and public contracts, may meet the high income and property taxes that must be imposed with a smiling face, for they get more than they give. But the capitalists whose trades either are dependent largely upon free international trade and finance, or else are so distinctively domestic that Protection is of no use to them, may have to meet the high taxation with no compensating advantages. When they come to realize this situation and to understand that by no fiscal devices can they shift on to the workers the bulk of the new tax-burden, many of those capitalists will be likely to come over to a pacifist internationalist frame of mind. This probable division in the business world may prove of critical importance in weakening the solidarity of capitalism.

But it remains none the less true that the survival of democracy must depend in the long run upon a new, determined and intelligent rally of the forces of labour to the cause of internationalism. For the full effort of the Unholy Alliance will be directed to enlist the sympathy and interests of labour for this project of a close State. The emotional atmosphere will be favourable. National and imperial self-reliance will make a popular appeal. The public guarantees of high money-wages and other good conditions will be represented as contingent upon a "national economy" which shall exclude cheap foreign labour and its produce from our shores. The inevitable costs of this "economy," viz. reduced

income, precarious supplies of foreign foods and materials, expensive armaments, recurring war-peril, conscription, capitalist bureaucracy, will be concealed as far as possible. Carefully selected drafts of labour men will from time to time be taken over into the bureaucracy, a process which will be represented as an adequate response to the demand for a democratic organization of industry. In fact, it will be designed to serve, and will serve, as an inoculation against what officialism regards as the disease of democracy.

The peril of these endeavours to debauch the working class movement cannot be met by a mere exposure of the capitalistic-bureaucratic-militarist policy. The mere recognition of the fact that the ruling and possessing castes are playing their old game of substituting a vertical national or international cleavage for a lateral class cleavage will not furnish an adequate resistance. The so-called international solidarity of labour is too distinctively sentimental a force, while the idea of an international class war conducted on the industrial field by a general strike or any other mode of simultaneous revolt against capitalism is almost as impracticable as the kindred proposal to stop a war by a simultaneous refusal of the workers to respond to the call to arms. I do not undervalue the importance of getting the workers, who are also the peoples of the different countries, to confer, to unite and to take concerted action where they can. But the identity of interest between the working classes of the different nations in "the class struggle" does not in itself yet afford the requisite community of thought and feeling for powerful international co-operation. It is not supported by a sufficient body of close personal intercourse and the sort of

understanding which can come in no other way. It is very difficult for workers, whose languages and ways of living are so different and whose opportunities of meeting one another are so narrowly restricted, to fuse directly in any powerful international movement upon a mere basis of community of occupation. Education and growing intercourse between the active working-class leaders of the respective nations may in time do much. But at present it is too precarious a bond for the internationalism that is so urgently required. For the immediate enemy, as we see, will be the capitalist State. And working-class internationalism has continually oscillated between the policy of ignoring the State, while trying to build up an economic internationalism outside it, and the policy of using the State for definitely economic ends. Even Socialism, though international in theory, has seldom set itself to any realization of the necessity of a concerted movement towards a mastery of the national State by the workers of the respective nations, with the object of building up an international democracy. Yet this is precisely the work that must be done, if democracy is to survive. Any endeavour to build up industrial democracy either on a national or an international basis merely or mainly by means of working-class organization outside State machinery must fail. Industrial and political democracy stand or fall together, by an inseparable fate. If the workers within each nation cannot capture their State and through their State the new international political arrangement, League of Nations or whatever it be called, they will be helpless in the hands of their rulers and their capitalists. Trade-unionism, syndicalism, or gild Socialism, therefore, though containing contributions of inestim-

able value towards democracy, cannot provide a short cut or dispense with the necessity of seizing, reforming and democratizing the machinery of existing States and inter-State relations.

For all the actual transactions which imperil peace and so sustain militarism and bureaucracy within each country will continue to be governmental, and, unless the people can control their governments, that control will continue to be exercised by the combination of business and political forces permanently hostile to peace and internationalism.

The temptation to shun the State instead of mastering it has come up recently in a particularly dangerous shape, that of a refusal to support the new proposal for founding inter-State relations upon a League of Nations, on the ground that the Governments which would form and operate this League would not at first be democratic in their constitution. How is it possible, we are asked, that you can entrust safely the beginnings of such an international Government to the very class of men in the several countries whose aggressive and suspicious temper, class interests, obsolete and incompetent statecraft, have got the world into its present desperate plight? The answer is that, though no high measure of security may be attained under such conditions, the insecurity of the only alternative, viz. a reversion to the pre-war situation of two opposing groups under the still closer control of these same men, is far more formidable. We cannot suppose that the business of the world can be conducted without any formal and collective arrangements between the constituent nations. Many of those arrangements must be conducted by the Governments of those nations. It is surely safer that the Governments which will conduct these

arrangements shall be on formally amicable terms than arrayed in hostile groups or alliances. Just as the vices and defects of a class Government within a nation rightly constitute a challenge and an incentive to popular control, so likewise with the international Government. An ill-constructed State is generally better than anarchy. Now, the only present alternative to a League of Nations, however unsatisfactory in its personal control, is a return to international anarchy. Democratic control of the Society of Nations, as of the several nations, is the only full security for peace and progress, but that is no ground for refusal to support the best beginnings of that international society which, under the existing circumstances, are attainable. But in order to warrant the confidence of our democracy, the foundations of the League of Nations must be well and truly laid. It must not be an exclusive League. The exclusion of the Central Empires and of Russia from participation in the League at its start would be a denial of its essential quality of internationalism. The proposals in the Covenant adopted in April 1919 are for an extended War Alliance impudently masquerading as international. Nor must the League, if confined in membership to so-called civilized Powers, arrogate to itself any power to allot to its members, either collectively or in severalty, the political or economic control of non-member countries. The invention of the so-called "mandatory" power is a fresh extension of aggressive imperialism, which, if not inspired, will certainly be utilized, by the capitalist rulers in the Western world for a large new extension of their economic dominion and for sapping the democratic movement among the Western proletariat.

But a genuinely international League, constructed on the lines of principle which Mr. Wilson marked out but failed to defend, however unsatisfactory at the outset in its governing personnel, is favourable to the cause of democracy within the constituent nations. It is not true that the formation of a League of Nations, binding themselves to enforce by common action the fulfilment of their treaty obligations, places a new weapon in the hands of the ruling classes and constitutes a new danger to the workers. If such a League, however undemocratically controlled, is effective in its main object, it reduces the aggregate of military and naval force in the world and lessens the likelihood of its use. The danger of a class Government within a nation using its armed forces to repress strikes or other popular movements will be diminished proportionately with the reduction of national armaments which will be the result and measure of the success of the League. The notion of the League turning into a new Holy Alliance of the capitalist bureaucracy within each State for the concerted repression of all democratic movements can hardly be a serious apprehension in face of the divergencies of interest between the ruling groups within the several States. But even if such a danger were latent in the formation of an international Government, it would be better for democracy to confront it, than to lapse into the pre-war situation definitely worsened by the new powers wielded by reaction within each State.

The sound policy for each people is to accept and welcome the formation of a complete League of Nations, however imperfect in composition, as an instrument for the operation of the larger international will so soon as that will becomes real enough to master

the instrument. There is, however, no reason why the more advanced nations should acquiesce even at the outset in an undemocratic constitution of a League of Nations. It is certainly of grave importance that the traditions of the bad statecraft of the past should be scrapped and that the effective relations between States in the future should be conducted by men and methods reflecting the national interests and common welfare of the peoples involved. This can only be compassed by provisions in the constitution of the Assemblies, Courts, Councils, or other international bodies, formed to secure the peace and promote the common good of nations, for the appointment of persons genuinely representative, in knowledge, capacity and interests, of the popular life of the several countries. Whether such appointments should be made directly, by popular representation among the several peoples, or by election of their parliaments, is not of vital importance. For unless the people are vigorous and intelligent enough to secure the mastery of their own national State, they cannot hope to control their international representatives upon the League of Nations, and the importance of the latter achievement ought to be an additional incentive to the former. It is the same current of democratic energy that has to flow into and nourish the organs of national and international government. To refuse the second of these related tasks, or to attempt to substitute for it some distinctively non-political form of internationalism, would be a fatal error that would play into the hands of the reactionists by enabling the enemies of democracy to establish the close militarist protected State and to cajole or coerce the people into defending it as the only tolerable method of security in a world which they will

purposely keep dangerous in order that their class policy may continually impose itself on popular credulity.

Such is the issue as I see it emerging from the fog of war. The forces of reaction are more closely consolidated than before, more conscious of their community of interest and of the part which they respectively can play in the maintenance of "social order." They have had recent and striking testimony to the submissive and uncritical character of the people, and of their own ability to impose their arbitrary will upon the conduct of affairs in which the popular temper was supposed to be most sensitive. They have at their disposal a large number of new legal instruments of coercion and the habits of obeying them derived from several years of use. The popular mind has been saturated with sentiments and ideas favourable to a constructive policy of Militarism, Imperialism, Protectionism and bureaucratic Socialism, and making for a strong State under class control with the empty forms of representative government. All the educative and suggestive institutions, Church, schools and universities, Press, places of amusement, are being poisoned with class domination masquerading as patriotism.

On the other hand, a powerful fund of genuine democratic feeling is liberated with the peace. The temper of the peoples, released from the tension of war, is irritable and suspicious, and this irritability and suspicion, copiously fed by stories of governmental incompetence and capitalistic greed in the conduct of the war, and sharpened by personal sacrifices and privations, is dangerous for governments.

The contrast between the liberties for which they were fighting and the new restraints to which they are subjected is disconcerting and instructive. Every trade and every locality has its special difficulties and grievances. Economic and financial troubles are everywhere breaking up the composed national unity of war-time, and the grave political cleavages that must display themselves when the issues of taxation, permanent conscription, State ownership of industries, imperial federation and international relations open out, will, by breaking the old moulds of party, set free large volumes of political energy for new experiments in political and economic reconstruction. Many of the old taboos of class prestige, sex distinction, sanctity of property, and settled modes of living and of thinking, are broken for large sections of the population. The returning armies carry back into their homes and industries powerful reactions against militarism, and will not be disposed to take lying down the attempt of the reactionists to incorporate it as a fixed institution in the State. In every country of Europe popular discontent is seething and suspicions against rulers gathering. In other words, all the factors of violent or pacific revolution exist in conscious activity. The raw material and energy for a great democratic movement are at hand, provided that thought, organization and direction can make them effective. Hitherto for our working, as indeed for our other classes, clear thinking has been an intolerable burden. But there is no congenital racial incapacity for thinking, if the emergency is adequate, and, for the workers at any rate, it should be adequate. For they are confronted by the now plain alternative of a firmly entrenched class supremacy in politics,

industry and every other social institution, and the necessity of popular organization for the control of the government in order that they may recover their lost liberties and establish and extend the principles of political and social self-determination.

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